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No 11, November 1986

[Translation of the Russian-language monthly journal SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA published in Moscow by the Institute of U.S. and Canadian Studies, USSR Academy of Sciences.]

CONTENTS

U.S. Attitudes Towards Negotiating with the USSR (pp 3-13) (V. A. Savelyev).....	1
Dynamics of U.S. Economic Cycles (pp 14-26) (V. V. Popov).....	14
Strategy and Tactics of Left-Wing Liberals (pp 27-37) (A. N. Darchiyev).....	29
Problems of Drunkenness and Alcoholism in the U.S. (pp 38-47) (L. A. Smirnova, N. A. Shvedova).....	42
Mississippi Peace Cruise (pp 48-52) (A. B. Pankin) (not translated)	
Bike for Peace, '86 (pp 52-55) (P. V. Gladkov) (not translated)	
Background on U.S. Violation of SALT II (pp 56-60) (N. I. Bubnova).....	54
History of Star Wars 1945-1986 (pp 61-64) (N. B. Yaroshenko).....	60
Fate of Canada's National Energy Program (pp 65-69) (V. V. Drebenstov) (not translated)	
Results of the 1985 U.S. Food Security Act (pp 70-74) (Ye. N. Vasilyeva, I. B. Linnik).....	65

CONTENTS (Continued)

'Back from the Brink' (pp 75-80) (L. S. Semeyko) (not translated)	
We, the Lincoln Battalion (pp 81-89) (Harry Fisher) (not translated)	
Advances in Computers, Electronics Applied to Merchandising (pp 90-96) (A. D. Yakovich).....	72
Book on Gary Powers Case Discussed (pp 97-101) (L. S. Loseva).....	80
Book Reviews	
U.S. Book on Problems in Arms Reduction Verification (pp 102-106) (V. N. Krestyanov).....	87
Review of 'Thinking in Time: The Uses of History for Decision Makers' by Richard Neustadt and Ernest R. May (pp 106-108) (Ye. B. Berkan) (not translated)	
Review of 'American Foreign Policy from Truman to Our Day. Debates on U.S. Foreign Policy Principles and Strategy' by B. Griener (pp 108-109) (S. I. Bolshakov) (not translated)	
Review of 'The Ethnic Problem in Contemporary American Science. Critical Review of the Main Ethnosociological Theories' by T. B. Tabolina (pp 109-110) (A. I. Nikitin) (not translated)	
Review of 'History of Canada' by O. S. Soroko-Tsyupa (pp 110-111) (S. F. Molochkov) (not translated)	
Review of 'What NATO's Tentacles Are Reaching For' and 'The Biggest Lie of the 20th Century: The Myth of the "Soviet Threat"' both by A. Ye. Yefremov (pp 111-112) (V. S. Shein) (not translated)	
Newfoundland (pp 113-117) (not translated)	
Prince Edward Island (pp 117-120) (not translated)	
Response to Reader on U.S. View of SDI (pp 121-127) (I. P. Lebedev).....	93

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U.S. ATTITUDES TOWARDS NEGOTIATING WITH THE USSR

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[Article by V. A. Savelyev: "U.S. Approaches to Dialogue with USSR"]

[Text] The year of 1986, which is coming to an end, will go down in history as a year of outstanding Soviet peace initiatives. The Soviet Union took an entire group of measures to avert the danger of nuclear war and to secure and consolidate peace. It proposed a colossal program to rid the world of nuclear weapons by 2000, suggested the elimination of Soviet and American intermediate-range missiles from the European zone on a mutual basis and advanced a program for the destruction of chemical weapons and the industrial facilities for their production. The unilateral moratorium on nuclear tests was extended four times during the year--the last time, on 18 August, to 1 January 1987. To lower the level of military confrontation in Europe, the USSR and other socialist countries proposed the reduction of armed forces and of conventional and operational and tactical nuclear arms. General Secretary of the CPSU Central Committee M. S. Gorbachev had a working meeting with U.S. President R. Reagan in Reykjavik on 11-12 October on the initiative of the USSR. The meeting was a major event in international affairs. And although the obstructionist position of the United States kept the virtually concluded agreement on major questions of disarmament from becoming a binding treaty, a qualitatively new situation took shape. The struggle for nuclear disarmament rose to a higher level.¹

At the same time, there is no reason to harbor illusions. The resolution of the central problem of our day--the problem of common security--has encountered colossal difficulties and has been resisted by reactionary forces. The thunderous sound of explosions can still be heard on Nevada's testing grounds. The development of the "Strategic Defense Initiative" is progressing at high speed. What is more, people in Washington have announced the refusal to observe the SALT II Treaty, which has had a slight deterring effect on the arms race.

Therefore, the new way of thinking, which is so necessary to mankind today, is constantly countered in U.S. ruling circles by the old distorted logic of confrontation and the desire for military superiority.

Changes in Public Opinion

This policy line, however, is diverging more and more from the changing public political opinion in the United States. Of course, it has always been difficult to find a common denominator in American feelings about administration policy in Soviet-American relations. In principle, even before the Geneva summit meeting in 1985 the majority of Americans favored the normalization of relations with the Soviet Union. At the same time, however, two-thirds of the people surveyed in early November 1985 felt that "the Russians will not observe treaties."² This was the result of the many years of misinformation nurturing anticommunist biases and prejudices. The level of negative American attitudes toward the USSR has risen constantly since the end of the 1970s as a result of the anti-Soviet campaign specifically designed to arouse the American public's chauvinism and hatred for socialism. It was no coincidence that the ratio of supporters of cooperation to supporters of cold war with the USSR in 1980 was 45:41.

Before the Geneva meeting in 1985, however, the ratio was 65:24. It is indicative that Democrats and Republicans displayed an equal desire for departure from the policy of confrontation.

The decline of anti-Soviet feelings in the United States is primarily due to the appeal of the Soviet peace initiatives. M. S. Gorbachev's statement of 15 January 1986 and the Soviet Union's willingness to agree to almost any form of control, including international verification and on-site inspections (on the condition, of course, of concrete arms reduction agreements) weakened the position of the demagogues among the Washington "hawks" who habitually referred to verification difficulties as an insurmountable obstacle.

Broad segments of the American population are convinced that the arms race and increases in military spending can only diminish the security of the United States. According to Harris polls, for example, whereas cuts in military spending were favored by 16 percent of the Americans in August 1981, 24 percent in October 1982, 33 percent in June 1983 and 32 percent in June 1985, by February 1986, according to a poll taken after M. S. Gorbachev's statement of 15 January, 56 percent already supported military budget cuts.³

In the middle of 1986, just as in the past, around two-thirds of the Americans approved of the President's performance of his duties; his policy toward the Soviet Union, however, was subjected to increasing criticism. According to a survey conducted by THE WASHINGTON POST and the ABC corporation in June 1986, Americans disagreed, in a ratio of 2:1, with the President's plans to stop observing the SALT II Treaty because they believed that the United States should observe its provisions until a new arms control agreement has been concluded. It is interesting that the decision to stop observing the SALT II provisions was criticized not only by 70 percent of the Democrats, but also by 53 percent of the Republicans and 66 percent of the independents. The majority of respondents (55:36) said that the President "is not doing enough to limit nuclear stockpiling." These data indicate that Americans are more critical now than they were during the four other polls since March 1982.⁴

Therefore, U.S. public opinion is distinguished by ambiguous and conflicting tendencies. General Secretary Gus Hall of the Communist Party, USA, directed special attention to this in his speech of June 1986.⁵ On the one hand, there are factors in favor of the maintenance of tension in Soviet-American relations: the reaction to the pacifist feelings that supposedly spread through the country during the period of detente and weakened America; agreement with the neoglobalist doctrine of exporting counterrevolution; the expectation that the U.S. economy, in contrast to the Soviet one, will survive a new round of the arms race; the xenophobia, chauvinism and anti-Sovietism still felt by various categories of Americans.

On the other hand, there are signs that the official Washington policy of confrontation is not deeply ingrained in the masses. Its long life and vitality are due to the fact that the Reagan presidency and his declared policy line have coincided with the United States' emergence from the economic crisis of 1980-1982, the favorable economic conditions for almost 4 years, the outburst of nationalism within the country and the effective pseudo-victories of America, such as the intervention in Grenada or the aggression against Libya. Americans are in ecstasy over the psychologically comforting presence of a "strong government" in Washington, there is partial approval of the President's style of leadership, but there is no complete agreement with all of his policy aims. It is no coincidence that worries about the possibility of a nuclear catastrophe have not diminished: 58 percent of the Americans believe that the Republican administration "moved away from peace" in its first 5 years.⁶

The contradictory nature of public opinion is due largely to the fact that the Americans have been in the grip of fear of nuclear war and of the imaginary "Soviet threat." According to the Public Agenda Foundation in Washington, the country is caught between these two bugbears--the very real one and the one exaggerated by the mass media. "Nevertheless, the more horrifying and paralyzing of these two fears is the chronic threat of nuclear annihilation," THE BOSTON GLOBE remarked.⁷ For this reason, even rabid anti-Soviets, such as, for example, the members of the Committee on the Present Danger, have to admit that a minimum of 70 percent of the U.S. population now supports a nuclear freeze.⁸

Besides this, last year's summit meeting reinforced the idea of normal relations with the Soviet Union in the American mind and gave birth to what might be called the "hope impulse" and the expectation of positive results from future meetings.

The policy of confrontation which has been pursued by the Reagan Administration from the very beginning, a policy aimed at negotiating with the USSR from a superior position, exerting political and economic pressure on the socialist camp and achieving world hegemony for the United States, objectively cannot succeed. The barometer of public opinion in the United States and beyond its borders has shown Washington that the time has come for constructive talks, for dialogue in the resolution of urgent problems. This, however, will not necessarily be followed by positive changes in the policy line of the ruling elite. Public opinion can only turn into a material force under certain conditions. Are the changes in public opinion reflected in the power structure of the American society?

All the President's Men

After the 1984 election Ronald Reagan replaced approximately two-thirds of the members of the upper echelon of the executive branch. Only 3 of the 13 secretaries he appointed in 1981 still had their portfolios by the beginning of 1986--C. Weinberger, M. Baldrige and S. Pierce Jr. It is interesting that the overall political ideology of the administration remained essentially unchanged.

Rhetoric and reversals often create the impression of a certain degree of inconsistency in White House policy. A serious analysis indicates, however, that there are no major and fundamental differences of opinion in the upper echelon of the executive branch on important aspects of Soviet-American relations. The degree of unity of the Republican elite, according to American estimates, is much higher than the unity of the Democrats under the Carter Administration. The White House leaders unanimously support the intense buildup of military strength. As for differences of opinion, they are either the result of personal or departmental rivalry or concern only the methods and means of attaining goals.

American observers ascertain the existence of a large group of ultra-rightwing "ideologists" calling the tunes in the White House. They are distinguished by the most flagrant form of anti-Sovietism. They, the people who have upheld the tradition of "reliance on strength," are the ones who support confrontation with the USSR in the cold war spirit and initiate what might be called "negative diplomacy." Because of this, just before the meeting in Geneva in November 1985, they wanted the President to be as intransigent as possible. Ignoring the realities of the age, the ultra-rightists set great hopes on military pressure, view the world primarily from the bipolar standpoint and adhere stubbornly to the policy of "rolling back" communism. What is more, they ignore the interests and views of their West European allies. They are also distinguished by the closest relationship with the military-industrial corporate nucleus, especially in California. The ultra-rightist vanguard includes Secretary of Defense C. Weinberger, his Under Secretary F. Ikle and his Assistant Secretary R. Perle, Director W. Casey of the CIA, Director K. Adelman of the Arms Control and Disarmament Agency, U.S. Representative to the United Nations V. Walters and White House Communications Director P. Buchanan. These men were described as the "strongest supporters of confrontation policy" by Brookings Institution researcher R. Garthoff, a former SALT negotiator and ambassador to Bulgaria. "They are opposed on principle to the negotiation of any arms reductions with the Soviet Union.... They reject any political settlement."⁹

The people who realize the objective limitations of the policy of confrontation are categorized as "pragmatists." They acknowledge the need for Soviet-American dialogue on urgent matters. The most prominent figure in this group is Secretary of State G. Shultz, who has connections of long standing with the so-called "eastern establishment"¹⁰ and has also maintained commercial relations with monopolist circles of "new money" in California, the Midwest and the southern states. "Realism, strength and dialogue"¹¹--this, according to Shultz, is his watchword. Some professional diplomats are also on the side

of the "pragmatists"--for example, M. Kampelman, the head of the U.S. delegation at the Geneva talks, and M. Glitman, the head of the group on nuclear intermediate-range weapons at the Geneva talks. Just before the November (1985) summit meeting, the American press noted that R. McFarlane, then the President's national security adviser, and P. Nitze, an adviser to the President and the secretary of state, were beginning to gravitate toward this group, although they still kept in step with the ultra-rightist "hawks" in many matters.

The administration members who are obligated, "because it is part of their job," to consider the effects of the arms race on the American economy could conditionally be called the "economists." They express the interests of influential business groups with an interest in continuing U.S. foreign economic expansion and restraining the West European and Japanese competitors of American monopolies. They are connected with the particular segment of the ruling class that prefers peaceful, politico-ideological methods of struggle against socialism. They are greatly disturbed by the excessive influence of the military-industrial complex, which crowds them out of the bidding for government contracts. Expressing concern about the budget and trade deficits and about the possible overheating of the economy, this group tries to restrain the appetites of the Pentagon and the ultra-rightists and discourage the tendency toward the further militarization of the economy. The group includes Director J. Miller of the Office of Management and Budget (although it is true that he has not been as energetic in this respect as his predecessor, D. Stockman), Secretary of Commerce M. Baldrige and Secretary of Labor W. Brock.

The members of another group, a more noticeable group in politics, should be christened "loyalists" for their loyal support of the President. These are White House Chief of Staff D. Regan, Vice-President G. Bush and Secretary of the Treasury J. Baker. These men occupy a position midway between the extreme rightists and the "pragmatists." They are usually concerned less about the essence of presidential policy than about its administrative effectiveness. The group is quite influential because of Reagan's inclination toward the extensive delegation of his own authority and his refusal to trouble himself with details. They regard the President's style and methods of leadership as their greatest responsibility. They were the ones who led him to re-election in 1984 and then to the Geneva meeting by efficiently reducing the confrontational elements of the President's rhetoric. But they were also the ones who actively supported, and perhaps even planned, Washington's relapse into "cowboy policy" in spring 1986.

The role of D. Regan, with his Wall Street connections, deserves special consideration. He replaced the "triumvirate" of the President's closest advisers in 1981-1984--J. Baker, M. Deaver and E. Meese. Baker and Meese have been preoccupied with economic and domestic policy issues since 1985. Deaver left the administration, and D. Regan is now called the "prince" of the White House Staff. He is particularly influential in personnel matters. It was Regan who suggested the appointments of Secretary of Labor W. Brock and OMB Director J. Miller and removed Secretary of Health M. Heckler. In short, he is something like a prime minister in the Washington administration.¹²

The President's new national security adviser, technocrat and career military man J. Poindexter, has turned out to be Regan's subordinate and has therefore leaned toward the "loyalist" group. As the press commented, however, his long-standing belief in the use of military force to solve international problems is still apparent.¹³

With the exception of the increased strength of the "loyalist" group in the White House at the end of 1985, several changes in the balance of power have no connection with the changes in the cabinet. The main one is the slightly weaker position in the upper echelon of the apostle of the ultra-rightists, C. Weinberger. The reasons are his more frequent disagreements with D. Regan and conservative Republican legislators due to the Pentagon chief's refusal to consider the need to curb the budget deficit.

There was a simultaneous increase in the influence of the "economists," who had rarely become actively involved in discussions of Soviet-American relations in the past. M. Baldrige's trip to the USSR and the impressive U.S. delegation at the ninth annual meeting of the American-Soviet Trade and Economic Council in Moscow in December 1985 attested to the increased influence of non-military business groups in Washington.

The position of G. Shultz in the administration has grown stronger. He was instrumental in establishing a closer relationship between the financial circles of Wall Street and the "eastern establishment" and Ronald Reagan. According to some reports, he did this with the help of his personal friend, D. Regan.¹⁴ It is this role as the connecting link with traditionally influential groups in foreign policymaking that gives Shultz a chance to display some independence.

As far as the administration's management of the important sphere of arms control is concerned, as THE WASHINGTON POST remarked on 3 August 1986, "arms control policy seems to have gone with the flow, and no one in particular has been responsible for it." The attempts to centralize decisionmaking on arms control talks in the hands of P. Nitze in 1984 and of R. McFarlane the next year were sabotaged first by G. Shultz and then by C. Weinberger.

American sociologist D. Bell cynically called the Reagan Administration's policy line a "political centaurogriffin" (a combination of the mythological centaur, a horse with a human torso, and the equally mythical griffin, half-lion and half-eagle),¹⁵ referring to the eclecticism and inconsistency of Washington policy.

D. Stockman, the director of the Office of Management and Budget in Reagan's first administration, made the blunt statement that "the California clique was made up of personal vassals and experts in soliciting votes. They were quite competent at their trade. They demonstrated their ignorance, however, when it came to the foundations of policymaking."¹⁶

President Reagan himself is distinguished by a balancing act; he constantly vacillates between the "pragmatists" and ultra-rightists while keeping an eye on political conditions. This vacillation is naturally limited by his

conservative views, but it presupposes a wide choice of decisions. They cover a broad range: for instance, from a realization of the need to negotiate agreements with the USSR to a refusal to engage in any talks whatsoever. According to observers, the President often prefers not to define his position, making the existence of different points of view within the administration possible.

This is the reason for the coexistence of two tendencies in White House foreign policy: One is uncompromising and confrontational, and the other is pragmatic and has definite results in mind. After depleting most of the resources of the strictly ultra-rightist, obdurate and inflexible policy line, Reagan had to adopt maneuvering tactics. He is thought to have paid attention to opinions aimed at more sober decisions just before the Geneva meeting. This is attested to by the fact that the main "hawks"--Weinberger and Perle--were not members of the delegation at the Geneva meeting (which aroused extreme irritation in the ultra-rightist camp). As the reaction in the United States and the world to the summit meeting last year demonstrated, innovations of this kind can generate a great deal of political capital under present conditions.

Nevertheless, in spite of all the shifting and vacillation, the administration's image is still being defined by ultra-rightists. Despite the slight evolution toward restraint at the end of 1985, administration policy a year later is essentially unchanged.

Contrary to campaign promises, the struggle against the budget deficit has not limited military spending and has affected only social items; the deficit for the year exceeded 200 billion dollars. The attempts to restrain the growth of the deficit led to the passage of the Gramm-Rudman-Hollings Amendment by Congress.¹⁷ Although some of its provisions were ruled unconstitutional in summer 1986, the desire of the legislators to reduce the deficit was not weakened by this. As a result, statements were made about the need to reduce military spending in the next few years (see table). The Pentagon does not like this.

U.S. Military Expenditures in the 1980's (\$billions)

<u>FY</u>	<u>Current prices</u>	<u>Constant prices (FY86)</u>	<u>Real change, %</u>
1980	144	199	1.8
1981	180	224	12.7
1982	217	252	12.6
1983	245	274	8.7
1984	265	287	4.8
1985	292	303	6.0
1986	287	287	-5.3

Source: CONGRESSIONAL QUARTERLY WEEKLY REPORT, 11 January 1986, p 51.

The figures in the table are the so-called "budget authorities"--funds allocated by Congress but not actually spent (outlays); the latter expenditures

can take several years. According to some data, around 195 billion dollars in previously allocated but unspent funds have now been accumulated. With this reserve, the Pentagon can compensate for the planned military budget cuts.

The White House has issued several assurances that the administration will not renounce the annual 3-percent increase in military spending. But it has not been easy to ignore the new attitude toward the budget deficit. Senator W. Proxmire described "budget restraint" (referring to the passage of the Gramm-Rudman-Hollings amendment) as an additional stimulus for arms control talks.¹⁸

The White House and the Capitol

Disagreements in Washington over Soviet-American relations are indisputably most apparent on Capitol Hill, where the range of political interests represented has traditionally been broader than in the White House. These disagreements have become even more distinct in recent months.

After the 1984 elections the House of Representatives retained the balance of power which became traditional in the 1970's and 1980's; the stronger Democratic faction, with clearly defined liberal, centrist and conservative groups, is opposed by a Republican faction which has moved far to the right and is dominated by two blocs--ultra-rightists and conservatives. It is interesting that even the Republican leader in the Senate, R. Dole, who had always thought of himself as a confirmed conservative, found himself almost in the position of a centrist after the party's rightward shift. There is an exceedingly close interrelationship between these groups in the Capitol and the White House.

The retention of the Republican majority in the Senate after the 1984 elections gave rise to the opinion that the Republicans had acquired the status of the majority party for the first time in half a century and that the regrouping of party affiliations had finally occurred in favor of the "Grand Old Party." But the important indicator of the balance of power between the two parties and their position in the structure of state governments testifies that the Republicans are still far short of the numerical superiority they want. The governors of 34 of the 50 states are Democrats, and Democrats outnumber Republicans two to one in state legislatures and municipal government.

When American experts judge the prospects of the Democrats, they draw an analogy with the state of affairs in this party in the 1930's. At that time, Democrats quickly won the majority on all levels--in Congress and state legislatures--before becoming the majority party. Their candidate became the President. Furthermore, polling data also revealed many more Democrats than Republicans among the voters.

Republican ranks also continued to grow, however, in 1985-1986.¹⁹ Nevertheless, the Republicans were still behind the Democrats by 2-14 percent in some locations, and these included all of the major regions of the country.²⁰

The Democratic Party leadership is making a vigorous effort today to enlarge its electorate, to convert it from the party of the so-called Roosevelt

coalition, relying heavily on underprivileged strata, members of labor unions and racial and ethnic minorities, into a party also supported by middle strata. The Democrats have run into several problems: the lack of a generally acknowledged leader, the weakening of intraparty unity and the absence of a realistic and positive program producing new and effective slogans. With a view to political conditions, the party leadership made an effort to consolidate Democrats on a rightist-centrist position. In questions of Soviet-American relations, the maneuvers of the party bosses have led to a situation in which many Democrats often simply refuse to fight over fundamental issues with the Republicans. Furthermore, some of the Democratic leaders, especially in Congress, have also displayed a tendency toward a rightward shift and, under the influence of this, they yield the initiative in the elaboration of foreign policy proposals to conservatives while continuing their trite attacks on the USSR (for example, the lies about the violation of the Helsinki accords).

Democrat L. Aspin, chairman of the House Committee on the Armed Services, has advised his party to plan its own, less extravagant version of a buildup of American military strength instead of seeking an alternative to the Reagan Administration's militarist line. The proposals on the replacement of certain weapon systems with "more effective" ones, instead of the simple rejection of these systems, are moving in this direction. The proposals of cardinal technological innovations in conventional arms are in the same vein.

These tactics have not been successful yet. Not all of the Democrats who have traditionally adhered to liberal views are willing to change them so quickly. Furthermore, in some cases the Republican administration simply includes the proposals of Democrats in its own plans, thereby successfully neutralizing their impact.

As Director S. Hoffman of the Harvard University Center for European Studies remarked, "the Democratic Party is still trying to find itself, but it can neither find itself nor renew itself. Many of its leaders are offering the public only a sugar-coated version of Reaganism: The same, but less--as they say in the United States."²¹ In general, one thing is indisputable: The Democratic Party is still on the defensive. At the same time, the new generation of Democratic politicians, such as Senator G. Hart or Governor M. Cuomo of New York State, are pushing the traditional liberals aside and are trying to create an updated platform. According to the logic of party politics, they cannot simply repeat the anticommunist and chauvinistic ideas that nurture policy from a position of strength and that once contributed to the success of the Republicans. As a result, the Democrats, however inconsistently and hesitantly, have had to work out a more realistic approach to foreign policy issues. This tendency, however, is still quite weak.

The Republican Party still controls the main levers of governmental power and is still defining Washington's line in relations with the Soviet Union. White House programs submitted to the Congress, however, are encountering many more difficulties today than in the early 1980's.

In February 1986 the House of Representatives passed a resolution in support of nuclear test ban talks by a majority of almost two to one. When the White

House refused to join the USSR in its moratorium on nuclear tests, announced plans for new tests in spring 1986 and then conducted them, unprecedented proposals on the refusal of administration requests for funds for nuclear tests were introduced in both houses of Congress, although they were not passed. The threat to resort to the "power of the pocketbook" was also present in the bills intended to forbid the administration to acquire strategic arms over and above the levels stipulated in the SALT II Treaty. In May 1986 an impressive majority in the House of Representatives (256 to 145) called for the retention of the limits recorded in the treaty. In July the House rejected an amendment which would have violated these limits (the Senate passed the amendment by a majority of only one vote).

When the defense appropriations bill for fiscal year 1987 was being discussed, the Democratic majority in the House tried to limit some of the administration's more extreme requests. The most important of these attempts were the following: amendments to ban nuclear tests with a force of over 1 kiloton for 1 year; the renewal of the moratorium on tests of antisatellite systems in space for another year; the postponement (also for a year) of purchases of binary weapons; the prohibition of allocations for weapons exceeding SALT II limits; the reduction of military expenditures from 320 billion dollars to 286 billion; the reduction of administration SDI requests by almost 40 percent, or, in essence, their freeze at the previous level; a ban on participation in the SDI program by foreign firms.²²

Of course, most of these amendments were rejected by the Senate or were later emasculated by a conference committee. Even the rejected House amendments, however, cannot fail to influence Washington policy. They represent Congress' affirmation of its financial and other prerogatives and express the desire to correct administration policy. What lies behind these amendments, which are far from surprising under the conditions of the present day and the present composition of the legislators, is the desire of the majority of members of the House to retain at least the main features of the structure of American-Soviet relations that took shape in the last decade. Some legislators support these amendments because they once took part--in contrast to Reagan Administration officials--in creating the strategic arms control mechanism and cannot believe that the agreements of the 1970's have outlived their usefulness. Others take a stand in favor of the amendments in the fear that the further militarization of the country by the executive branch could lead to the loss of U.S. positions in competition in the sphere of civilian production and technology in favor of Japanese and West European rivals. Still others do not believe that the administration's methods of forcible pressure and "trump cards" in negotiations with the USSR are effective, or simply have doubts about its intention to conclude any kind of agreement.

In any case, the "amendment war" between the Capitol and the White House is not merely the result of campaign and ideological considerations. No, the conflicts are more probably the result of disagreements over long-range priorities and the desire of certain forces in the ruling class to exert legislative pressure on the White House to force it to take a more serious and responsible approach to arms control and Soviet-American relations.

What Next?

"The capitalist world has not given up the ideology and policy of hegemonism, the hope of social revenge is still alive in its rulers, and they are still entertaining illusions of superior strength. It is extremely difficult for sensible opinions to force their way through the thick layer of prejudices and biases in the mind of the ruling class," the Political Report of the CPSU Central Committee to the 27th Congress says.²³

The events of the past year proved conclusively that the supporters of hegemonism and superior strength have the upper hand in U.S. ruling circles, and this was reflected primarily in the decisions not to support the Soviet moratorium on nuclear tests and to derail the SALT II Treaty. The victors in Washington now are those who believe it is possible and necessary to use the nuclear arms race as an instrument of foreign policy, those who want to replace strategic parity with American superiority.

It is easy to see that the White House is in a great hurry to make use of its still relatively strong home front. And the rush is necessary. What lies ahead is the possible weakening of the administration's domestic political position by economic setbacks. There are also the problems of the President's age, the struggle between his possible successors, etc. The beginning of the political endgame can be observed in many White House moves: After all, the President has already served almost three-fourths of the 8-year term the constitution allows him.

Although forces on the extreme right, which are now dominant in official Washington, are trying to continue the arms race and the policy of social revenge, they are encountering increasing difficulty. These are not only the objective limits of their policy line, but also the stronger tendency toward realistic policy. The latter is reflected in mass movements and--with increasing frequency--in the struggle within government institutions, especially the Capitol. All of this is happening, and this is quite important, in an atmosphere of increasing Western interest in Soviet peace initiatives. The deterioration of American-Soviet relations is troubling the NATO allies, especially the FRG and England, where parliamentary elections will be held next year.

The U.S. position in Reykjavik demonstrated the shortage of the new way of thinking in U.S. ruling circles. In an appearance on Soviet television on 14 October 1986, M. S. Gorbachev said: "Our partners did not have a broad enough approach, an understanding of the uniqueness of the moment and, in the final analysis, the courage, responsibility and political determination so necessary in the resolution of the major world issues of vital importance. They adhered to their old position, which time has already undermined and which does not correspond to current realities.... People in Washington apparently do not want to take the trouble to carefully analyze the changes taking place in our country, do not want to draw the appropriate conclusions for themselves and for their policy and are trying to pass wishes off as realities. And it is on the basis of these delusions that they want to build their policy toward the USSR."

The meeting in Reykjavik paved the way for possible advances, for a real change for the better, if the United States can finally take a realistic position.

There was widespread foreign policy discussion in the United States after Reykjavik. Many Americans realized that in our day the tendency to rely on military force, ignore global interdependence and refuse to seek compromises could have dangerous results.

FOOTNOTES

1. PRAVDA, 15 October 1986.
2. THE LOS ANGELES TIMES, 17 November 1985.
3. NATIONAL JOURNAL, 19 October 1985, p 2387; THE WASHINGTON POST, 10 February 1986.
4. THE NEW YORK TIMES, 16 August 1986; THE WASHINGTON POST, 25 June 1986.
5. PEOPLE'S DAILY WORLD, 27 June 1986.
6. THE LOS ANGELES TIMES, 17 November 1985.
7. THE BOSTON GLOBE, 22 June 1986.
8. Ibid.
9. R. Garthoff, "Detente and Confrontation," Wash., 1985, p 1012.
10. For more detail, see A. A. Kokoshin, "SSHA: Za fasadom globalnoy politiki" [United States: Behind the Facade of Global Policy], Moscow, 1981, pp 193-197.
11. DEPARTMENT OF STATE BULLETIN, July 1983, pp 65-72.
12. SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, 1986, No 2, pp 125-127.
13. U.S. NEWS AND WORLD REPORT, 30 December 1985, p 19.
14. P. Hannaford, "The Reagans," N.Y., 1983, pp 30-31.
15. THE PUBLIC INTEREST, Fall 1985, p 60.
16. NEWSWEEK, 21 April 1986, p 49.
17. For the main point of the amendment, see SSHA: EPI, 1986, No 4, p 77--Ed.
18. CONGRESSIONAL RECORD, 17 December 1985, p S17722.

19. On the credit side of their account, the Republicans entered the desertion of the Democratic Party by state legislators, county judges and municipal board members. According to the data of the Republican National Committee, over 200 such deserters with a solid social standing joined the party between 1981 and 1985 (FIRST MONDAY, November/December 1985, p 4).
20. THE NEW YORK TIMES, 11 June 1986.
21. LE MONDE DIPLOMATIQUE, July 1986.
22. THE WASHINGTON POST, 14 August 1986; 26 September 1986.
23. "Materialy XXVII syezda Kommunisticheskoy partii Sovetskogo Soyuza" [Materials of the 27th CPSU Congress], Moscow, 1986, pp 4-5.

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DYNAMICS OF U.S. ECONOMIC CYCLES

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 11, Nov 86
(signed to press 22 Oct 86) pp 14-26

[Article by V. V. Popov: "The Economic Cycle: Dynamics of Production Costs and Profit Margins"; passages rendered in all capital letters are printed in boldface in source]

[Text] The cyclical dynamics of such general indicators of capitalist reproduction as production costs, profits and profit margins have been discussed several times in our literature in recent years.¹ The studies have shown, in particular, that their movement is distinguished by clearly defined cyclical patterns: As a rule, during periods of recovery and the initial stage of economic prosperity, prices rise more quickly than expenditures (per unit of product), leading to the growth of profits and the rise of profit margins; in the concluding stages of periods of prosperity and during crises, production costs rise more quickly than prices, usually resulting in lower profits and profit margins.

The author of this article will attempt to examine the factors determining the cyclical dynamics of costs and profits with the aid of statistics of postwar American economic development. The United States has lived through at least seven crises of overproduction since World War II--in 1948-1949, 1953-1954, 1957-1958, 1960-1961, 1969-1970, 1974-1975 and 1980-1982, providing sufficient material for generalizations and the disclosure of some common trends in postwar economic cycles. The author will concentrate on the factor of the cyclical dynamics of demand and supply in labor, loan capital and raw material markets, which has been analyzed least in available studies.

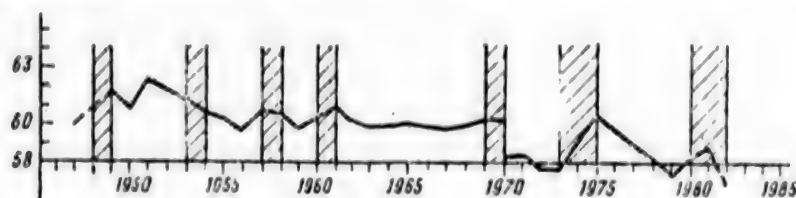
Material Expenditures

In terms of absolute quantities, material expenditures are the most important element of production outlays. The reimbursement of these expenditures absorbs, for example, more than 50 percent of the gross income from product sales in firms of the U.S. processing industry.

There are clear cyclical trends in changes in relative quantities of this element of production outlays. Figure 1, a graphic illustration of the dynamics of proportional material expenditures in the value of shipped products in

the U.S. processing industry, shows that this indicator usually, although not always, rises during the final stages of economic prosperity, reaches its maximum during crises and declines after crises.

Figure 1. Proportional Material Expenditures in Value of Shipped Product of Processing Industry, %



The two indicators for 1970 are due to a change in methods of keeping statistics. The shaded areas in this figure and others correspond to periods of crisis.

Source: "Historical Statistics of the United States. Colonial Times to 1970," Wash., 1975; "Statistical Abstract of the United States" for corresponding years.

The reason is that the dynamics of the prices of some agricultural products and many minerals are distinguished by a greater range of fluctuation than the changes in the prices of other goods. In the postwar period the relative wholesale prices of raw materials (price index of raw materials in relation to price index of all goods) fluctuated within a range of 99-134 percent in the United States, while the relative prices of, for example, semimanufactured goods displayed a much more confined range of fluctuation--94 to 105 percent.² R. M. Entov's calculations indicate, in particular, that the price index of raw materials in relation to the price index of finished products invariably declined during postwar crises, falling 25-50 percent below the level of the preceding cyclical period of prosperity. "Industrial materials," he points out, "were essentially the only large group of goods whose final sale price displayed not only a significant decline in relation to other goods but also an absolute decline during crises of overproduction."³

The cyclical fluctuations of the relative prices of crude resources and materials are therefore due to the fact that the elastic demand for many minerals and, in particular, for agricultural raw materials is relatively low. Besides this, the time lag between the rise in prices and increase in the production of some raw materials is quite sizeable (for example, usually at least a year in the case of agricultural raw materials). As a result, the higher demand for raw materials during periods of prosperity also leads to a rise in relative prices, which is not completely neutralized by an increase in production (that is, in supply).⁴ Conversely, during periods of crisis, when the demand for raw materials declines, relative prices decline because the output of raw materials is usually reduced to a lesser extent than demand.

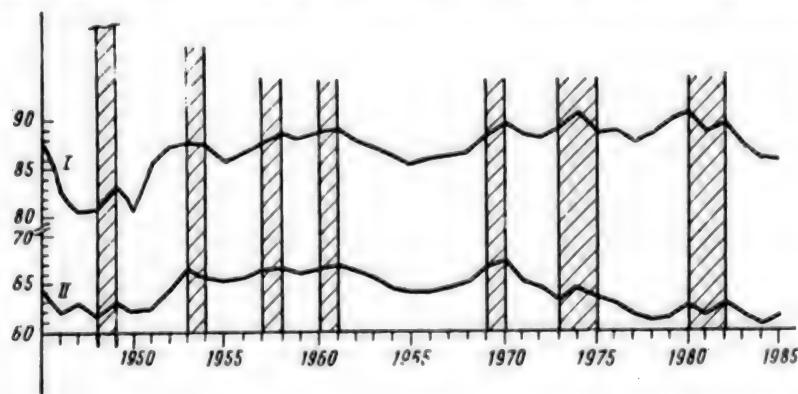
It is important, however, that an increase in proportional material expenditures in the value of products during the concluding stages of periods of prosperity, all other conditions being equal, does not mean the decline of the general profit margin. A rise in raw material prices lowers the profit margin in the sectors using the materials, and raises it in the sectors producing them (because the prices of raw materials rise), while the national profit margin remains the same.⁵ In essence, this is a case of the redistribution of profits within the business community, mainly between the sectors producing the raw materials and the material-intensive sectors.

As for the general profit margin, its dynamics are influenced by other elements of expenditures--wages and the use of loan capital.

Expenditures on Manpower

The wage expenditures of American non-financial corporations have exceeded 80 percent of net income (gross income minus depreciation and material expenditures) in recent years. Relative wage expenditures can be judged by such indicators as the proportion accounted for by wages in the net income of non-financial corporations, in national income and in the value of the net product of the main branch of physical production--the processing industry. Figure 2 illustrates the cyclical fluctuations in the dynamics of these indicators. Proportional wage expenditures always rise toward the end of the period of prosperity, just before the crisis, reach their maximum during the crisis, and then decline during the periods of depression, recovery and initial prosperity. Quarterly data on the dynamics of relative wage expenditures in national income testify that this indicator rises perceptibly just before crises, usually reaching its maximum in 1-3 quarters after the start of the depression.

Figure 2. Proportional Worker and Employee Wages in Net Income of Non-Financial Corporations (Curve I) and National Income (Curve II), %



Source: "Economic Report of the President" for the corresponding years.

The calculations of A. V. Poletayev are indicative. They indicate, in particular, that the rise in wages per unit of product usually lags behind the rise in prices during the recovery phase and the beginning of the period of prosperity (their average quarterly rates of increase in these phases of the cycle between 1948 and 1980 were 0.27 and 0.73 percent respectively). In the

second half of the period of prosperity these indicators increase at approximately the same rates (1.39 and 1.45 percent); finally, in periods of crisis the rise in wages per unit of product far exceeds the rise of prices (1.08 and 0.24 percent).⁶ In addition, during the final stage of the period of prosperity, just as during crises, prices rise more slowly than wages per unit of product.

The existence of these cycles in the dynamics of relative wages is connected with the natural dynamics of supply and demand in the labor market.

Supply in the labor market increases at a more or less steady rate, depending primarily on the growth of the labor force (the economically active population). A change in the average length of the work week on a short-term basis is confined to a rigid framework and therefore does not have any decisive effect on the dynamics of supply in the labor market. It is therefore not surprising that toward the end of the period of prosperity, when the rise in the demand for labor exceeds the increase in the supply of labor and when unemployment is reduced to some extent, relative expenditures on wages increase. "Sooner or later," K. Marx noted, "the time must come when accumulations exceed the usual supply of labor and, consequently, wages are increased."⁷

It is also important that the supply of manpower (in contrast to the majority of other commodities) does not have a strong reaction to changes in salary levels--the elastic supply of labor has a low coefficient. The calculations of American economists prove that it has almost no connection with a change in income, contrary to the statements of supply-siders.⁸

As a result, the growth of wages at the end of the period of prosperity is STABLE--that is, it is not neutralized by a corresponding increase in supply. During periods of crisis, on the other hand, the demand for labor decreases (while the supply of manpower continues to grow at a steady rate), giving rise to a situation precluding the growth of wages in the post-crisis period.⁹ Therefore, capitalist production includes conditions which, in Marx' words, "allow for the relative prosperity of the working class only for a short time, and always as a harbinger of the next crisis."¹⁰

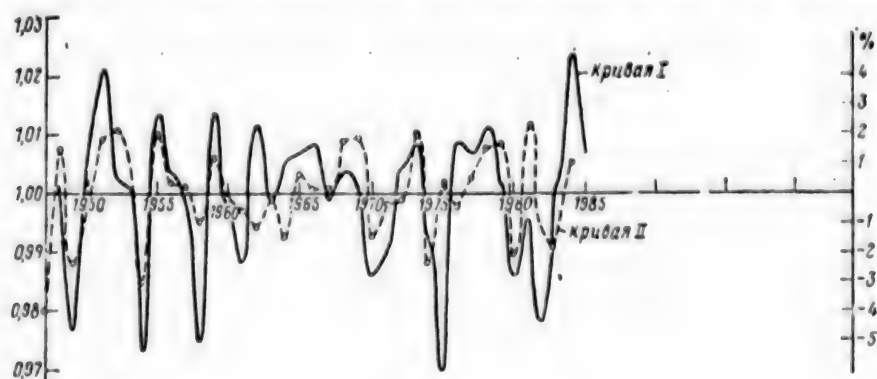
K. Marx repeatedly said that the accumulation of capital, during the course of which the demand for labor changes, gives rise to changes in wages: "The size of accumulations is the independent variable, and the size of wages is the dependent variable, and not vice versa."¹¹ At the same time, Marx' law of capitalist accumulation also points to the reciprocal effect of changes in wages on rates of accumulation: When added value decreases as a result of the rising cost of labor, accumulation slows down because the stimulating impact of profits is reduced.¹²

Calculations for the American economy in the postwar period confirmed the existence of the strong dependence of the growth rates of wages on the situation in the labor market. If the demand for labor in a given year increases more quickly than the supply (that is, the growth of employment exceeds the growth of the labor force, and unemployment is reduced), wages per dollar of product will rise the next year; otherwise--that is, when unemployment

increases--the proportion accounted for by wages in the value of the product decreases (after an interval of 1 or 2 years). Figure 3 shows that the trajectory of the curve representing the dynamics of wages per dollar of product usually repeats, a year later, the rises and dips of the curve representing changes in the correlation of supply and demand in the labor market.

The dependence of wage growth rates on conditions in the labor market has been confirmed in several statistical studies by Western economists. All regressive equations representing the short-term dynamics of nominal wages always include, and always with a minus sign, a variable representing the degree of strain on the labor market (rate of unemployment, dismissals, etc.).¹³ The growth rates of real wages also react to changes in the situation in the labor market, although they are less sensitive than the dynamics of nominal wages. Empirical studies indicate that, for example, the reduction of unemployment by 1 percent led to an average increase of 1.5-2 percent in real wages between 1966 and 1980. Conversely, a rise in unemployment resulted in a corresponding decrease in real wages.¹⁴

Figure 3. Correlation of Growth Rates of Labor Supply and Demand (Curve I, left scale) and Growth Rates of Wages per Dollar of Product, % (Curve II, right scale), in Private Sector of U.S. Economy



Curve II has been moved a year to the left because the indicator in the diagram for 1948 corresponds to the actual figure for 1949, and so forth.

Source: "Economic Report of the President 1986," Wash., 1986, pp 288, 290, 302.

In recent years the situation in the U.S. labor market and, consequently, changes in relative expenditures on manpower have depended largely on government economic policy. The Reagan Administration launched a vigorous assault on organized labor to discourage the use of strikes by the working class as an effective instrument in the struggle for higher wages. The minimum nominal wage has not risen since 1981, whereas it rose approximately 10 percent a year throughout most of the 1970's. The federal government simultaneously conducted a restrictive monetary policy, with no regard for the state of the economy, and this indisputably contributed to the severity of the cyclical crisis of 1980-1982. As a result, the level of unemployment in 1982 almost

reached 10 percent for the first time in the postwar period. During all of this, the theorists of "supply-side economics" and the monetarists, whose works inspired the architects of "Reaganomics," quite openly said that the high rate of unemployment and the restriction of the rights of labor unions should stimulate market forces to augment the proportion of profits in national income by reducing the proportion of wages.

The effects of this policy line were soon felt. Real hourly wages decreased 3 years in a row--from 1979 to 1981--for the first time since World War II (the only earlier decline in average annual hourly wages was recorded in 1974); even in 1985 real hourly rates did not exceed the pre-crisis maximum of 1978. This resulted in the redistribution of the "national pie" in favor of the business community: The proportion accounted for by wages in national income in 1984 fell to 60 percent--that is, to the lowest point of the postwar period (see Figure 2).

Expenditures on Loan Capital

The expenditures of non-financial U.S. corporations in connection with the use of loan capital are quite modest: Interest payments in recent years have been equivalent to 3-5 percent of their net income--approximately the same amount as dividend payments.

As Marx pointed out, for the capitalist entrepreneur, regardless of whether he borrows capital or not, the portion of his profits equivalent to the interest on advance capital is categorized as an expenditure. After all, even a businessman who uses only his own capital--that is, who conducts business without borrowing the capital of others--does not make investment decisions on the basis of profit margin as such, but business income margin: If the profit margin falls below the interest rate, there is no sense in continuing production--that is, in using his capital as operating capital--and it would be more profitable to lend the capital out. "As interest on advanced capital (whether he has taken out loans or not)," Marx wrote, "part of the added value in profits also represents an expenditure, a production cost, to the capitalist."¹⁵

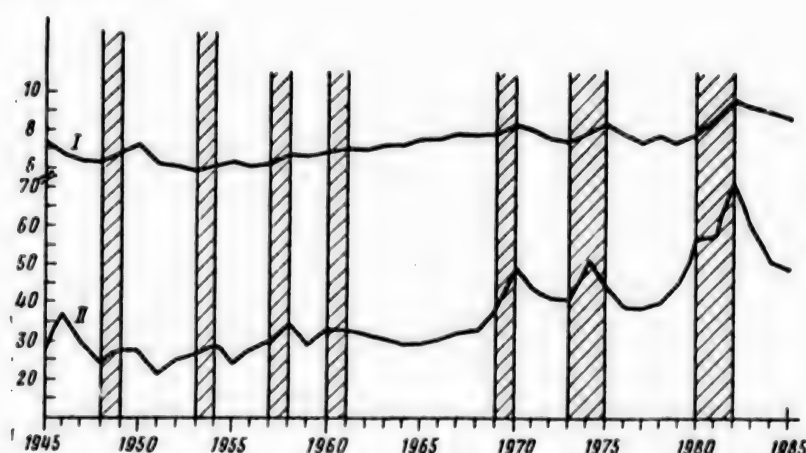
It seems correct to categorize interest payments and dividends as expenditures, because the latter are essentially payments by functioning capitalists (the owners of the controlling stock) for the capital they use. The latter is supplied primarily by small shareholders--capitalist investors who have no control over production and receive an income equivalent to the interest on this loan (that is, the amount spent to buy the stock). The owners of the controlling stock--the real functioning capitalists--always have a choice: They can acquire the capital they need in the form of bank loans or they can issue bonds or sell new stock. In any case, expenditures on the acquisition of loan capital are regarded as outlays.

Interest and dividend payments constitute the element of production outlays most vulnerable to cyclical fluctuations.

As Figure 4 illustrates, the proportion accounted for by interest payments on loans in the net income of non-financial corporations displays, in addition to

a prolonged tendency toward growth,¹⁶ abrupt cyclical fluctuations: It increases in the final stages of periods of prosperity, reaches its maximum during crises or immediately afterward, and decreases during the phases of depression and recovery and at the beginning of the period of prosperity. Similar cyclical fluctuations are also characteristic of the proportion of net income used for the payment of dividends. During periods of crisis, corporations do not reduce dividends, and sometimes even increase payments, because they want to counteract the drop in the value of stock, as a result of which the proportion accounted for by dividends in net income increases, usually reaching its maximum in the year following the crisis.

Figure 4. Proportional Expenditures on Interest and Dividends in Net Income (Curve I) and Total Profits (Curve II) of Non-Financial Corporations, %



Source: "Economic Report of the President" for the corresponding years.

Particularly dramatic cyclical changes are seen in the dynamics of proportional interest and dividend payments in total profits (profits before taxes plus interest payments): For example, just before and during the crises of 1969-1970 and 1980-1982, the indicator rose from 29 to 49 percent and from 38 to 72 percent respectively (see Figure 4).

These changes in these expenditure elements are not unexpected and are anticipated in relation to the cyclical fluctuations in the price of loan capital--interest rates--in the money market: These rates rise throughout the period of prosperity, reach their maximum during crises and decline during the phases of depression and recovery.

The price of loan capital--a special type of commodity--is dependent on supply and demand in the money market. The demand for loans depends, on the one hand, on investment needs and, on the other, on the demand for money as a medium of payment and circulation. Marx directs special attention to this fact, regarding the opinion that "advanced money is the same thing as additional borrowed capital" as a mistake.¹⁷

The demand for loans in which the funds will be used as capital depends directly on the level of business activity: As production grows, the need for loan capital increases.

Loans used to satisfy the need for money are a more complex matter: The demand for this kind of loan is directly proportional to the operational volume (which increases as the level of business activity rises) and inversely proportional to the speed of monetary circulation. The latter, as statistics indicate, increases during periods of prosperity and decreases sharply during crises, when there are difficulties in the sale of products and capital turnover slows down.¹⁸ As a result, the demand for loans stemming from the economy's need for a medium of circulation and payment usually rises during periods of prosperity, reaches its maximum during crises and declines during the phases of depression and recovery.

The total demand for borrowed funds, consisting of the business community's need for additional capital and the need for a medium of payment, usually rises during periods of prosperity, reaching its maximum at the start of crises, and declines during crises--to its minimum at the end of the crisis or immediately afterward.

It is indicative that the decline of the demand for borrowed funds does not start at the same time as crisis-related production cuts, but somewhat later (after half a year to a year, or even two). The reason is that the decline of the demand for loans in the form of capital during the phase of crisis is accompanied by the expansion of the demand for loans in the form of money. As a result (despite the fact that corporate demand for additional capital frequently begins to decline prior to the beginning of the crisis), the decline of the total demand for loans sometimes occurs even after the slump in production has reached its lowest point--that is, in the phase of depression or at the beginning of the recovery phase.

Documented information about the postwar cyclical development of the United States testifies that the demand of non-financial corporations for loan capital has clearly defined cyclical dynamics: During periods of prosperity, the volume of capital withdrawn from the money market by firms has increased, whereas the absolute demand for loan capital has usually decreased during periods of crisis (1948-1949, 1952-1953, 1957-1958, 1960, 1975, 1981-1982) or, as was the case in 1970-1971, has displayed only negligible expansion.

Now let us examine the characteristic changes in supply in the money market. Over the short range the supply of money is a more or less limited quantity and does not have a strong reaction to changes in interest rates. In other words, a rise in interest rates does not lead to a noticeable increase in the supply of loan capital in the market, which (if it could happen) would neutralize the rise in interest rates.

It is true that, with the exception of government credit, the funds in the money market consist, first of all, of private savings and, secondly, of temporarily available corporate capital. Statistics indicate that the net amount of private savings entering the credit market (the increase in private

financial assets minus the consumer debt) does not display any perceptible cyclical fluctuations.¹⁹

The dynamics of the corporate funds entering the money market, on the other hand, display clearly defined cyclical patterns. The amount of corporate funds entering the money market usually changes in the opposite direction from the demand for loan capital and interest rates. During periods of depression and recovery and the initial stages of prosperity, when the demand for loans and the interest rates on loans are still low, corporate investments in financial assets reach their maximum. Conversely, during the final stages of prosperity and at the beginning of crises, when the demand for loans reaches its maximum, corporations limit the growth of their investments in financial assets or even curtail them.²⁰

When corporations plan their investments in real (fixed capital and commodity stocks) and monetary assets, they pay little attention to interest rates, because the decisive role here is played by other factors--primarily the investment climate (the possibility of the profitable use of operating capital) and the degree of financial strain. During periods of depression, when the investment climate is unfavorable but the financial status of firms is good, investments in financial assets increase (the money is there, but it would be unwise to invest it in real assets); during periods of prosperity, when the profit margin rises, firms prefer to use as much of their investment capital as possible in the capacity of operating capital (for investments in fixed capital), and this restricts the growth of financial assets.

During periods of crisis, when the profit norm declines and investments in fixed capital become unappealing, corporations could "transfer" investments from real assets to financial ones. This does not happen, however, because another factor comes into play: The financial status of firms is strained to the maximum, and they must reduce all investments (both real and financial) to pay their debts. Since the reduction of financial investments as a whole is less painful than the reduction of investments in fixed capital, which often necessitates the cessation of capital construction and so forth, investments in financial assets are usually subjected to more substantial "cuts" than real investments during periods of crisis.

The reduction of the corporate funds entering the money market during pre-crisis and crisis periods can be quite substantial: During the last crisis, in 1980-1982, it fell to less than one-fifth of the earlier amount--from 124.3 billion dollars in 1979 to 24.2 billion in 1982.²¹

This means that the amount of funds entering the capital market has virtually no connection with changes in interest rates (the elastic supply of loan capital has an extremely low coefficient). As a result, there are constant disparities between corporate demand and the total supply in the money market during the cycle: Demand exceeds supply during the final stages of prosperity and at the beginning of crises, and the opposite is true of the phases of depression and recovery and the initial stages of prosperity. Before and during crises, therefore, interest rates and the expenditures of firms on loan capital increase, and the opposite occurs after crises.

The movement of interest rates on loans in the United States in recent years has displayed trends which do not fit into the customary framework. Nominal and, what is most important, real interest rates rose to a level breaking all records at the beginning of the 1980's: In summer 1981 the former (prime rate) passed the 20-percent mark, and the latter (calculated as the difference between prime rate and the rate of inflation) exceeded 10 percent. During the period of prosperity in 1983-1985 real interest rates were at the unprecedentedly high level of 6-8 percent. The traditional cyclical patterns of interest rate movement were not violated; what was extraordinary was the unprecedented high mid-cycle cost of money, which led to the fluctuations in actual interest rates.

The situation can only be explained by the economic policy of the government, which recently became the largest borrower in the credit market. The table showing the approximate balance of net savings to investments in the American economy indicates that the federal budget deficit already accounted for an average of 0.3 percent of the GNP in the 1960's, and just under 2 percent in the 1970's. Net private domestic savings (undistributed corporate profits plus the personal savings of the population) were equivalent to 7-8 percent of the GNP in the 1950's, 1960's and 1970's, and the government, which had to borrow money in the capital market to finance its deficits, absorbed, in other words, no more than 20-25 percent of net savings. The situation changed dramatically in the beginning of the 1980's. Budget deficits rose to 5-6 percent of the GNP, while the level of private savings declined noticeably (see table). As a result, in 1983-1986 it turned out that the federal government, which was covering its huge deficits with loans from the money market, was acting like a gigantic pump, sucking almost all of the net savings generated by private business and the population out of the economy. Net investments, on the other hand, have been financed to an increasing degree with capital from abroad in recent years.

Furthermore, recent federal budget deficits, especially under the Reagan Administration, have been covered more by loans from the population and corporations than by loans from the Federal Reserve System (which can issue new money to satisfy the government's financial needs without straining the credit market).²² Regardless of the state of business activity and the level of interest rates, the FRS adhered firmly to the limitation of the amount of money in circulation in the 1980's, as a result of which the growing budget deficits unavoidably strained the financial market and raised real interest rates.

Dynamics of Profits and Profit Margins

The size of profits depends on expenditures and on PRICES AND PRODUCTION VOLUME, the dynamics of which are known to be subject to cyclical fluctuations. Without going into any detailed investigation of this matter, we will only say that changes in volume and prices generally play the role of secondary factors, reinforcing the cyclical fluctuations in profits as a result of expenditure dynamics. The movement of relative profitability indicators (proportional profits in sales and net income of non-financial corporations) is therefore in the opposite direction from relative expenditures: They decline just before and during crises and rise after crises.

Net Savings and Investments in U.S. Economy, % of GNP

Годы (1)	Сбережения населения (2)	Сбережения корпораций (нераспределенная прибыль) (3)	Положительное сальдо (+) или дефицит (-) (4) бюджета		Чистый приток (+) или отток (-) капитала из-за рубежа (7)	Чистые частные внутренние инвестиции * (8)	Статистическая ошибка (9)
			Федерального (5)	штатов и местных органов власти (6)			
1950-1959	7.2		0.0	-0.2	-0.2	7.0	-0.2
1960-1969	7.9		-0.3	0.0	-0.5	7.1	0.0
1970-1979	7.1		-1.8	1.0	0.0	6.4	-0.1
1980	4.2	1.2	-2.3	1.2	-0.2	4.1	0.0
1981	4.6	1.5	-2.1	1.2	-0.1	4.9	0.2
1982	4.1	1.2	-4.8	1.0	0.3	1.8	0.0
1983	3.4	2.3	-3.5	1.5	1.1	2.8	0.0
1984	4.6	2.7	-4.6	1.7	2.4	6.8	0.0
1985	3.2	3.3	-4.9	1.5	2.8	5.8	0.0

* Gross investments minus amortization.

Source: "Economic Report of the President" for the corresponding years.

Key:

1. Years
2. Savings of population
3. Corporate savings (undistributed profits)
4. Positive balance (+) or deficit (-) in budget
5. Federal
6. State and local
7. Net inflow (+) or outflow (-) of capital from abroad
8. Net private domestic investments*
9. Statistical error

The abovementioned changes in relative indicators of expenditures and profits during the course of the economic cycle are the reason for the periodic fluctuations of the PROFIT MARGIN. Figure 5 illustrates the clearly defined cyclical patterns of profit margin dynamics.

"The profit margin," Marx said, "is the driving force of capitalist production; its output consists of the specific products in the specific amounts that can be produced at a profit."²³ Production volume, the size of accumulations and, consequently, the alternation of phases of the industrial cycle all depend, according to Marx, on profit margin dynamics. "The expansion or reduction of production," he stressed, "depend on profits and the ratio of profits to the capital used--therefore, on a specific profit margin."²⁴ The profit margin, therefore, is a regulator of capitalist reproduction.

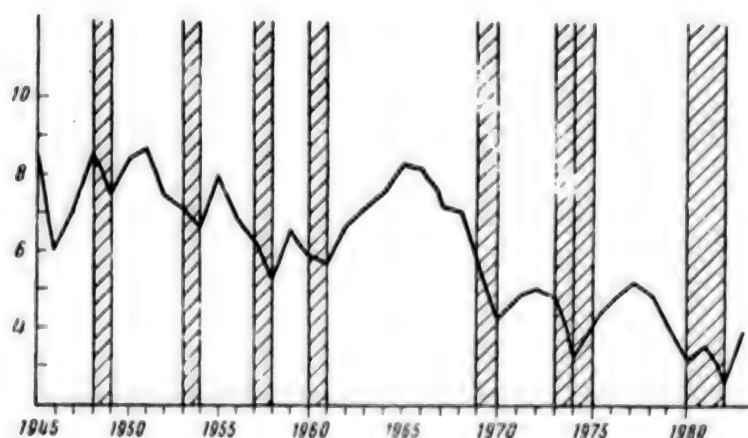
It is indicative that the profit margin is one of the "leading indicators": The reduction of profits or the slower growth of profits occur a few quarters before the beginning of a recession, whereas the growth of production after a crisis resumes only a few quarters after profits begin to rise.

The determination of the exact connection between the expansion of production and investments, on the one hand, and the dynamics of profits and the profit

margin, on the other, is a complex and controversial process. The existence of a direct connection between these indicators, however, is indisputable; it has been confirmed by numerous statistical studies. "The connection between investments and profits is one of the most constant; it is revealed by almost all statistical methods."²⁵

Data on the U.S. processing industry testify to a high degree of correspondence between profit margin dynamics and such indicators as the load of production capacities and the percentage relationship of investments to assets. In the postwar period almost all of the rises and dips of the curve representing profit margin dynamics have been repeated by fluctuations in investments after four quarters and fluctuations in capacity load after one quarter.

Figure 5. Profit Margin of Non-Financial U.S. Corporations, %



Source: "Balance Sheets for the U.S. Economy 1945-1983," Wash., 1984, pp 36-44; "Economic Report of the President 1985," Wash., 1985, p 246.

In recent years the most noteworthy feature of profit margin dynamics was probably the exceptionally dramatic decline during the crisis of 1980-1982. The ratio of profits to stock capital and the proportion accounted for by profits in the net income of non-financial corporations and in national income--all of these indicators declined to the lowest level of the postwar period in 1982.

The real profit margin--the correlation of profits before taxes to assets, adjusted to compensate for statistical error--ranged from 5.2 to 8.6 percent from 1945 to 1969 but never rose above 5.1 percent after 1969. In the crisis year of 1982 the indicator fell below 3 percent (see Figure 5).

This is due largely to the effects of non-cyclical, long-term factors which cannot be analyzed in an article of this length.²⁶ Nevertheless, we must point out the fact that the deterioration of the overall conditions of

reproduction in the late 1970's and early 1980's, the deceleration of the investment process and economic growth, the severity of the crisis of 1980-1982 and many other negative developments in the American economy were connected precisely with the unprecedented decline of the profit margin. It is quite indicative, for example, that gross private capital investments in constant prices, after reaching their maximum in 1978, displayed constant reduction afterward, and did not exceed the 1978 figure until 1984. Net investments (gross minus amortization), on the other hand, could not reach the 1973 level even in 1984-1985.

Let us summarize some of our findings. During periods of prosperity the expansion of the demand for labor, loan capital and some raw materials exceeds the increase in supply, which puts a strain on these markets and results in higher wages, interest rates and raw material prices. For this reason, proportional expenditures rise during the concluding stage of the period of prosperity, while proportional profits decrease, lowering the profit margin and weakening stimuli for the expansion of production and capital investments. Conversely, the absolute reduction of the demand for manpower, loan capital and raw materials during crises eventually results in lower proportional production costs and a higher profit margin, creating the necessary prerequisites for a new period of prosperity.

FOOTNOTES

1. See, for example, "Mekhanizm ekonomicheskogo tsikla v SShA" [The Workings of the Economic Cycle in the United States], edited by A. V. Anikin and R. M. Entov, Moscow, 1978, pp 178-196; "Sovremennyye burzhuaznyye teorii ekonomicheskogo rosta i tsikla" [Contemporary Bourgeois Theories of Economic Growth and the Economic Cycle], edited by A. V. Anikin and R. M. Entov, Moscow, 1979, pp 199-213; S. M. Menshikov, "Inflyatsiya i krizis regulirovaniya ekonomiki" [Inflation and the Crisis of Economic Regulation], Moscow, 1979, pp 160-196, 255-287; S. P. Aukutsionek, "The Distinctive Features of the Overaccumulation of Capital in the United States," MEMO, 1984, No 10; "Ekonomicheskiy tsikl v SShA (70-ye--nachalo 80-kh godov)" [The Economic Cycle in the United States (1970's and Early 1980's)], edited by R. M. Entov, Moscow, 1985, pp 134-158; A. V. Poletayev, "Pribyl amerikanskikh korporatsiy (osobennosti poslevoyennoy dinamiki)" [The Profits of American Corporations (Distinctive Features of Postwar Dynamics)], Moscow, 1985, pp 94-119.
2. Calculated according to data in BUSINESS CONDITIONS DIGEST, June 1981, pp 99-101. Average quarterly deviations in annual wholesale price increases from the average for the 1948-1980 period were 9.1 percent for raw materials, 5.7 percent for physical resources and semimanufactured goods and 3.9 percent for industrial equipment (MEMO, 1982, No 11, p 81).
3. "Sovremennaya inflyatsiya: istoki, prichiny, protivorechiya" [Contemporary Inflation: Sources, Causes, Contradictions], edited by S. M. Nikitin, Moscow, 1980, p 201.

4. "The more highly developed capitalist production is," Marx wrote, "the more frequently the relative underproduction of vegetable and animal raw materials will occur...and, consequently, the more frequently the upheavals caused by the dramatic fluctuation of the price of one of the main elements of the reproduction process will occur" (K. Marx and F. Engels, "Works," vol 25, pt I, p 132).
5. The decline of the national profit margin can take place at a time of steadily rising prices on imported raw materials (for example, in 1973 and 1979 in the United States), which can, under certain conditions, result in the overall reduction of production--that is, a general, and not only a partial, crisis of overproduction. Besides this, even if the national profit margin is stable, its decline in material-intensive sectors (accompanied by its rise in resource sectors) can lead to a general production slump, because production cuts in the sectors using raw materials are compensated for by a larger output in sectors producing raw materials, not immediately, but only after a certain interval.
6. MEMO, 1982, No 11, p 86.
7. K. Marx and F. Engels, Op. cit., vol 23, p 627.
8. R. M. Entov, "Supply-Side Economics: Some Stages in Its Development," SSHA: EPI, 1986, No 2, pp 82-83.
9. Long-range tendencies in nominal wage dynamics are not discussed in this article. Under the conditions of present-day inflation, the nominal wage increases as a result of the growth of real wages and as a result of price increases. For a more detailed discussion, see Ye. S. Ivanova, "The Correlation Between the Growth Rates of Labor Productivity and Real Wages in the United States," SSHA: EPI, 1983, No 7. Relative indicators (the proportion accounted for by wages in income, in net product and so forth), which change little from cycle to cycle, are used here to reveal cyclical trends in wage dynamics.
10. K. Marx and F. Engels, Op. cit., vol 24, p 464.
11. Ibid., vol 23, p 633. "As a rule," K. Marx wrote, "general changes in wages are regulated exclusively by the expansion and contraction of the industrial reserve army, corresponding to different periods of the industrial cycle" (ibid., p 651).
12. Ibid., pp 633-634.
13. "Workers, Jobs and Inflation," edited by M. Baily, Wash., 1982, p 42.
14. M. Bils, "Real Wages Over the Business Cycle: Evidence from Panel Data," JOURNAL OF POLITICAL ECONOMY, August 1985, vol 93, No 4.
15. K. Marx and F. Engels, Op. cit., vol 26, pt III, p 80.

16. The increase in proportional interest payments in the net income of non-financial corporations (from 1 percent in the first postwar decade to 4-5 percent in recent years) is connected with the rise of nominal interest rates under the conditions of inflation. Strictly speaking, interest payments now include, in addition to real interest, an amount compensating for the devaluation of the debt as a result of the higher price index, which is the main reason for the upward trend of this indicator.
17. K. Marx and F. Engels, Op. cit., vol 25, pt I, p 503.
18. R. M. Entov, "The Speed of Monetary Circulation in the Contemporary Capitalist Society," MEMO, 1975, No 2.
19. "Mekhanizm ekonomicheskogo tsikla v SShA," pp 336-341.
20. Ibid., pp 216-225.
21. "Economic Report of the President 1986," Wash., 1986, p 356.
22. If the FRS increases its portfolio of government securities by issuing more money, the rising demand for loans (the sale of government securities) is accompanied by a corresponding increase in the supply of financial capital as a result of the money issued by the FRS. This kind of deficit financing does not increase real interest rates, although it can raise the nominal rate because an increase in the total amount of money in circulation stimulates inflation.
23. K. Marx and F. Engels, Op. cit., vol 25, pt I, p 284.
24. Ibid., pp 283-284.
25. "Mekhanizm ekonomicheskogo tsikla v SShA," p 275.
26. For a discussion of long-range tendencies in profit margin dynamics, see A. I. Izyumov, "An Inquiry into the Declining Profit Margin of U.S. Corporations," SSHA: EPI, 1983, No 9--Ed.

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STRATEGY AND TACTICS OF LEFT-WING LIBERALS

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[Article by A. N. Darchiyev: "Leftwing Liberal Forces: The Search for a Strategy and Tactics"; passages enclosed in slantlines printed in italics in source]

[Text] The rise of conservative forces in the United States today has raised questions about the past and future of liberalism--one of the leading bourgeois politico-ideological currents in this country.

Liberalism occupies a special place in American politics. Since the end of the 19th century its representatives, who have advocated active government regulation of socioeconomic affairs, have been promoting the ideas of bourgeois reformism and defending the need to make certain concessions to the laboring classes; their goal, as V. I. Lenin pointed out, was *"to save capitalism/through.../bourgeois reforms/."*¹

By means of sweeping political maneuvers, connected with borrowing slogans popular among the masses and instituting moderate social reforms, the liberals were able, at least in part, to "deactivate" the social protest movements arising during periods of crisis and to secure themselves a mass social electoral base in the members of these movements.²

This policy meant that liberals had to take demands "from below" into account and sometimes make concessions, the scales of which depended directly on the scales of the mass movements and their ability to exert pressure on ruling circles.

The left wing of liberalism, performing the functions of a "driving belt" between the strict liberals and democratic forces, served as an indicator of this pressure. It was easier for leftwing liberal groups to assimilate new ideas and to be more receptive to the demands of protest movements, and for this reason they upheld the traditions of radical populism in American liberalism.

In the 1930's the leftwing liberals had close contacts with leftist-centrist elements in the Roosevelt coalition, especially labor unions, and played an

important role in the planning of progressive socioeconomic reforms, many of which became part of the New Deal. Later, in the 1960's, leftwing liberals remained within the politico-ideological framework of bourgeois reformism but had more far-reaching demands. In contrast to the centrist liberals, they assigned priority to social measures--the eradication of poverty, the extensive development of the social security system and the legislative establishment of a guaranteed minimum income.

The late 1960's and early 1970's, a period marked by an acute sociopolitical crisis and the rise of the social protest movements of students, women, black Americans and others, were a turning point in the elaboration of the leftwing liberal alternative and in its establishment as a separate politico-ideological current.

As signs of crisis in the U.S. economy became more distinct, they pointed up the ineffectiveness and class limits of the traditional liberal-reformist policy line, with its emphasis on Keynesian methods of regulating economic growth, the steady rates of which in the 1960's had made it possible to increase federal social spending and pursue a reformist policy while leaving the privileges of monopolies inviolate.

Under these conditions, the leftwing liberals who had joined forces with members of mass movements (with the forces of the "New Politics," as they were defined by American political analysts) advanced a program of updated liberalism, intended to give it a new and more progressive orientation from the politico-ideological and mass-organizational standpoints.³ At the basis of this program lay the demands to limit the omnipotence of monopolies, democratize government and renounce militarism and expansionism in foreign policy. These demands were common to the "new democratic forces" which had taken shape as a result of these changes and which had a nucleus consisting of "the bloc of progressive labor unions, members of the leftist intelligentsia and minority movements, former civil rights activists, former members of the protest movements of the young leftist radicals and students of the 1960's, and others."⁴

By the middle of the 1970's these forces constituted the organizational basis of a new politico-ideological current of American liberalism, formed at the "juncture" of liberal tradition and leftist radicalism.⁵

The left wing of American liberalism (the "democratic left," as its members call themselves) consists of a broad range of political forces. What they have in common is that they, in the words of one of the leaders of the American socialists, well-known journalist M. Harrington, occupy a position "to the left of traditional liberalism." "There are thousands of activists," he testified, "working in labor unions, organizations of black Americans, the women's movement and community groups supporting the ideas of the 'democratic left.' They form something like a network."⁶

The broad range of views and political aims has given rise to the ideological and organizational fragmentation of leftwing liberals. In spite of the absence of organizational unity, however, these forces are united by many

unofficial bonds and constitute an extremely diversified, but never openly paraded, politico-organizational structure, which will be described below.

The rightward shift in American politics in the early 1980's had extremely negative effects on leftwing liberals. In the atmosphere of the broad ideological offensive launched by the conservatives, the revival of nationalist and militarist feelings and the discrediting of liberalism in public opinion, they had to remain in the background. They do, however, have substantial analytical resources and the potential to formulate an alternative to Reaganism "from the left."

The Structure of the "Democratic Left"

It would be quite difficult to determine the exact number of leftwing liberal groups or to calculate the degree of their influence in U.S. politics.

Organizations of the party type constitute the most important element of the politico-organizational structure of the liberal left wing. They unite groups of people with more or less similar political and ideological aims and take action on the national level, joining numerous coalitions and operating within the left wing of the Democratic Party. In spite of this, however, they have no serious political influence and are insignificant in terms of numbers.

The Democratic Socialists of America (DSA), an organization formed in 1982 and headed by M. Harrington, has 7,000 members. The Citizens Party, which was founded in 1979 and is headed by B. Commoner, one of the leaders of the environmental protection movement, unites 25,000 activists in its ranks. The Campaign for Economic Democracy, an organization based in California and founded in 1976 by T. Hayden, a prominent figure in the radical student movement of the 1960's, has no more than 10,000 members.⁷

Many coalitions and organizations affiliated with the "democratic left" and "citizens action" groups do, however, involve millions of people in their activities. They are distinguished by a weak organizational structure, and their politico-ideological aims frequently center around a single issue (equal rights for women, environmental protection, consumer interests, the rights of racial and ethnic minorities, the struggle for peace, etc.).

Leftist liberal forces are quite active on the local level, within the framework of the "grass-roots movement" (or communal movement) which took shape in the early 1970's.⁸ Its backbone consists of former "New Left" activists who are attempting to plan and institute socioeconomic reforms in the primary social institutions--the family, the block, the parish, the neighborhood and the community. One example is the Illinois Council for Social Action, a large local organization. It is headed by B. Creamer, a well-known activist in the 1960's. The council is made up of 130 different organizations and groups operating in the state. Citizen Action, a coalition of groups with similar aims in 12 states, unites almost 3 million people. The largest of these organizations in the United States, the Association of Local Communities for Urgent Reforms, unites over 60,000 families in 20 states--most of them low- and middle-income families, the poor and unemployed, welfare recipients, farmers and members of labor unions.⁹

Labor unions with a leftist-centrist orientation maintain close contact with the "democratic left." They include the American Federation of State, County and Municipal Employees (1.2 million members), the International Association of Machinists and Aerospace Workers (over 930,000), the president of which, W. Winpisinger, is one of the leaders of the DSA, the United Automobile, Aerospace and Agricultural Implement Workers of America (1.5 million) and others.

Research centers (or "think tanks") are an important element of the leftwing liberal organizational structure. The leader among them is the Institute for Policy Studies (IPS), founded in 1963 by prominent academics M. Raskin and R. Barnet. The IPS was originally founded as a scientific academic center for the study of the political and economic problems of American society and later became an active political force. The institute's research papers became the policy-planning documents of leftwing liberal groups. There are 75 researchers on the staff of the institute (counting its European branch, the Transnational Institute in Amsterdam). Its annual budget (according to data for 1981), which consists mainly of contributions from liberal foundations, was 2 million dollars.¹¹

Leftwing liberals have a relatively broad network of periodical publications. The leftist publications with the largest circulation include the monthly illustrated MOTHER JONES, with a circulation of 178,000. The oldest leftist liberal journal, the weekly NATION (54,000), and the monthly PROGRESSIVE (50,000) have considerable influence in the United States. The weekly IN THESE TIMES (30,000) plays an important role in publicizing leftwing liberal views. One of the few leftist radical newspaper, the weekly GUARDIAN (20,000), is published in New York. The views of Democratic Socialists are defended by the quarterly DISSENT and the bimonthly SOCIALIST REVIEW (7,500); the activities of various local groups are covered by the quarterly SOCIAL POLICY (5,000).¹²

Leftwing liberal activities are financed by a diversified network of "donors." At the beginning of the 1980's the combined assets of foundations directly connected with the "democratic left" totaled 10 million dollars, and their annual grants for these purposes were equivalent to a million dollars.¹³ Leftwing liberal groups are also given financial assistance by the liberal foundations of S. Rubin (the main source of IPS financial support) and the Field Foundation, Stern Fund and Taconic Foundation in New York. Leftwing liberals also receive assistance from the leading American foundations (Carnegie, Ford and Johnson) as part of their "alternative philanthropy" (that is, the encouragement of the activities of organizations with dissenting points of view). In 1982 they received 50 million dollars through these channels for various types of activity.¹⁴

Following the example of the "New Right" and the conservatives, the leftwing liberals began organizing political action committees in the early 1980's. Their budgets consist of private contributions. The main purpose of these committees is the financing of campaigns and the performance of various services for progressive candidates. The Progressive Political Action Committee, with almost 10,000 individual donors, the Parker-Coltrane

Political Action Committee, operating primarily in the southern states, Americans for Common Sense, which conducts propaganda against the New Right and regularly publishes news bulletins about its activities, and others have been active in this field.¹⁵

Leftwing liberals have representatives in elective bodies on all levels. In the Capitol they are represented by congressmen R. Dellums (Democrat, California), one of the leaders of the DSA, and J. Conyers Jr. (Democrat, Michigan). Views close to theirs are defended by the members of the House Populist Caucus, formed in 1983 and headed by L. Evans (Illinois), and most of the black congressmen. Democratic movement activists have been elected several times to state legislatures: T. Hayden (California), T. Gallaher (Massachusetts), J. Bond (Georgia) and others.¹⁶ "Grass-roots movement" activists have been elected to the municipal boards of the largest American cities--San Francisco, Cleveland, New York, Detroit, Boston, Chicago and others. Coalitions of various local groups have been able to win a majority on the municipal councils of Santa Monica, Santa Cruz, Davis and Berkeley in California and Burlington in Vermont.¹⁷

The activities of the structural elements of the "democratic left" are coordinated to some extent in the national coalitions. The largest of the existing ones is the New Democratic Coalition, which was founded in 1972 to coordinate the efforts of the leftwing liberal groups in the Democratic Party. The Energy Coalition of Citizens and Union Members, which opposes energy policy serving the interests of oil monopolies, was formed in 1978 on the initiative of W. Winpisinger. The Coalition To Save Social Security, which was joined by members of around 100 labor unions and national organizations, was founded to resist cuts in social spending in 1979. The leaders among the antiwar coalitions are Mobilization for Survival (uniting 150 peace, labor, religious, environmentalist and women's organizations) and the Coalition for a New Foreign and Military Policy (47 organizations).¹⁸

Leftwing Liberal Alternative?

Leftwing liberals feel that one of the important objectives of the "democratic left" in the 1980's is a general program representing an alternative to traditional liberalism and the Reagan branch of conservatism. In spite of some steps in this direction, however, the political aims of leftwing liberal groups have not acquired the nature of a truly effective alternative.

Leftist liberal forces agree on the causes of the present critical state of liberalism. They all agree that liberalism in its traditional form exacerbated the socioeconomic problems of American society because the power of monopolist capital remained virtually untouched during the period of its political dominance.

For this reason, when leftwing liberals express their views on liberalism and its offspring, the "welfare state,"¹⁹ they declare the need to "escape its confines." As leftist liberal ideologist M. Raskin stressed, "liberalism must rise to a new level of theory and practice."²⁰ Priority is assigned here to the restriction of the monopolies' pervasive influence in all spheres of American life.

An important distinctive feature of this politico-ideological current is that it not only advocates broader "political participation" by the public and broader democratic freedoms (which are completely in line with liberal tradition), but also makes persistent demands for democratization in the economic sphere.

The Democratic Socialists advanced the slogan of the "democratic reconstruction" of the economy, which is supposed to put it under the effective control of society. This kind of reconstruction, they believe, will represent something like the second stage in the construction of the "welfare state," during the course of which it will gradually, through "the democratization of economic power," evolve into socialism. The Democratic Socialists assign the leading role in this transformation to the reconstruction of the decisionmaking mechanism on the corporate level with regard to capital investments, technical development, product varieties and the overall priorities of economic development--in such a way that the "interests of society" will be taken into account. An important part of the reconstruction of the "welfare state" will be the establishment of national planning, "based on democratic principles," for market regulation.²¹

The American socialists usually do not raise the issue of the nationalization of corporate property. In their opinion, under the conditions of the "corporate system's" dominance, this measure would make nationalized enterprises even less within the reach of "public control." They feel that an important part of the "decentralization and dispersion of excessively concentrated corporate property" will consist in encouraging various forms of cooperative ownership by creating enterprises owned or controlled by workers on the local level.²²

The Democratic Socialist proposals still constitute one of the few attempts to formulate a long-range program of reforms for the American society which could lie at the basis of the alternative proposed by the "democratic left." There is no question that this program has a long way to go before it "evolves into socialism."

In addition to the socialists, former activists from the "New Left" made similar attempts in the late 1970's and early 1980's. The theory of "economic democracy" was engineered by American researchers D. Shearer and M. Carnoy and is energetically preached by the organization headed by T. Hayden. At its basis lie demands for the limitation of the monopolist elite's omnipotence through the decentralization of economic authority and its transfer to communities and directly to producers.

In contrast to the Democratic Socialists, who believe in structural reforms "from the top down," the "economic democrats" see changes on the local level as the solution. The "strategy of change," according to them, should be implemented through the "democratization of the economy from the bottom up, beginning with the workplace and the community."²³

The "economic democrats" believe that the creation of "alternative institutions" and an "alternative economy" to secure the structure of democratic

self-government on the local level are an important element of socioeconomic reforms. In their opinion, cooperatives, enterprises and firms owned by the workers and managed democratically, should be the basis of the "alternative economy." These enterprises will serve as the prototype of the democratic organization of production.

As for planning "from the bottom up" and with the use of democratic methods, it, in their opinion, will not eliminate the market as such: It will change only the rules of "playing the market," in which new "players," representing the "alternative economy," will be included.²⁴

Different versions of "industrial policy"--a group of measures for the reorganization and improvement of the American economy--have been the subject of intense discussion in leftwing liberal groups in recent years. Leftwing liberals believe that since, in the words of M. Harrington, traditional Keynesian methods of regulating the "welfare state" and stimulating the economy "do not work" anymore,²⁶ other principles should lie at the basis of the efforts to maintain economic growth rates. In their opinion, the democratization of the economic mechanism should be the most effective instrument in this field.

Formulating the strategy of "egalitarian and democratic economic growth," American researchers S. Bowles, D. Gordon and T. Weisskopf see the expansion of the rights of labor unions and the guarantee of their participation in the management and organization of production, the reform of labor legislation and the elevation of the minimum wage as the main conditions for more effective production. The authors of "Beyond Reagan" stress that "the search for ways of achieving full employment while maintaining high wages in an economy free of inflation" should be the focus of "industrial policy."²⁷

Leftwing liberals have different attitudes toward the theories of the "welfare state." The well-known journalist and sociologist A. Wolfe remarked that the left had to formulate "new values" defining the real needs of the individual and differing from the values of the "welfare state." he counters the goal of effective production with the idea of "sufficiency," the renunciation of over-indulgence and the limitation of excessive demands. In several cases, leftwing liberals have demanded more distinct statements about the redistribution of income in the American society.²⁸

The more radical ones criticize the "democratic left" for the moderate demands of its members. According to K. Moudy, researcher of the labor movement, a program breaking out of the narrow confines of the "welfare state" theories must be openly socialistic--that is, it must have the goal of social ownership.²⁹

Demands for the renunciation of militarism, expansionism and the fundamental ideas of traditional liberalism are the central element of the leftwing liberal foreign policy theories. They oppose excessive military spending in the belief that the arms race absorbs resources needed for the resolution of domestic problems. Leftwing liberals criticize postwar U.S. foreign policy for its preoccupation with the postulates of "unidimensional, paranoid anti-communism." In the fight against progressive social changes in the world, they say, the United States has supported any anticommunist dictatorship.³⁰

This is the reason for the need to reconsider the entire system of U.S. inter-relations with allies and with socialist and developing countries. Leftwing liberals support detente and the normalization of Soviet-American relations.³¹ They regard nuclear and space arms reduction agreements as the most important part of this process, and they therefore underscore the significance of existing agreements, such as the ABM and SALT II treaties.

In general, however, leftwing liberal policies are essentially social-reformist. Furthermore, the reforms they propose are "structural reforms of capitalism, and not the fundamental transformation of society";³² at the same time, they have an indisputable anti-monopoly thrust. This would be exceptionally important in the consolidation of anti-Reagan and democratic forces and the creation of an effective "leftist" alternative.

The measures proposed by leftwing liberals for the reform of American society are still contradictory in many respects, indefinite and somewhat utopian. And of course, the fragmented nature of leftist liberal forces, their "dissipation" among numerous organizations, coalitions and "special interest groups," could seriously impede the elaboration of a general program capable of serving as the ideological basis of a mass democratic movement.

The absence of its own political base is the weak point of the "democratic left" and is forcing it to seek allies in the "liberal establishment."

Tactic of Political Action

The choice of leftwing liberal tactics has been influenced considerably by the distinctive features of American politics, especially the two-party system, which V. I. Lenin called "one of the most powerful means of impeding the creation of an independent workers--or truly socialist--party."³³

The Democratic Party occupies a special place in the two-party system. In the balance of party power that has taken shape since the time of the New Deal, the Democrats have taken over most of the politico-ideological spectrum "left of center" and have thereby created a strong barrier to prevent the establishment of an independent third party on the left.³⁴

As a result, democratic movements in the United States have inevitably been faced by a dilemma: They can either remain isolated in independent groups and parties with little influence or they can settle for organizational dilution in the Democratic Party. The failures the leftist third parties have invariably suffered in elections have forced democratic forces to seek ways of participating in the political process through the Democratic Party mechanism. Their tactics have thereby been confined to the exertion of pressure on Democratic Party leaders.

At the present time, the Democratic Party, which "serves as the main instrument for the inclusion of labor in the legitimate political process controlled by the monopolist bourgeoisie,"³⁵ is keeping the majority of leftwing liberal groups within the orbit of its influence. Within the confines of this interaction, there is, on the one hand, pressure on the Democrats "from the left,"

and on the other, the quite successful control of the "legal leftist alternative" by the liberal segment of ruling circles (in the words of American researcher W. Domhoff).³⁶

By the end of the 1970's the mechanism for leftwing liberal interaction with the Democrats began to display serious defects. The signs of economic crisis in connection with the slower rates of economic growth weakened the material foundation for the continuation of the party's liberal-reformist line and the willingness of its leadership to make concessions under pressure "from the left." Taking advantage of the dependent political position of the "democratic left," the leaders of the second-ranking party in the United States have virtually ignored its demands.

The inability of leftwing liberals to prevent the rightward shift of the Democratic administration of J. Carter (1976-1980) promoted a search for different forms of political action. In April 1980 the Citizens Party, founded by B. Commoner, began operating as an independent third party. In the presidential elections in November that year, however, it suffered the usual fate of third parties, winning less than 1 percent of the vote.³⁷

After the decline of the democratic movements in the middle of the 1970's, many activists connected with the "grass-roots movement" wanted to transfer the political struggle to the local level; refusing to rely solely on the Democratic Party, they wanted to mobilize the movement "from below." More vigorous work with the masses on the local level produced results, and these were particularly noticeable against the background of the general rightward shift in U.S. politics. Most of the leftwing liberals, however, have justifiably noted the limited impact of purely local protest and its confinement within community boundaries. The community, according to American researcher M. Kann, "cannot constitute much of a challenge to the elite on the national level."³⁸

Once again, the choice of tactics and the unification of efforts became major concerns for leftwing liberals during the 1984 campaign. They remained ideologically and organizationally fragmented and could not offer any serious "alternative from the left." It is true that their political inertia was partially due to their strategic objective of defeating the Republican administration of Ronald Reagan. This, in turn, forced them to choose the "lesser evil"--Democratic candidate W. Mondale. One of the editors of THE PROGRESSIVE lamented that "Walter Mondale is not Robert La Follette. He is not Eugene Debs or even George McGovern.... But so what? Walter Mondale is not Ronald Reagan.... He deserves a vote just for this."³⁹

The inertia of traditional tactics of political action also weakened leftist liberal forces. Formulating the campaign strategy of the leftwing liberals, M. Harrington stressed that "the Democratic Party, with all of its drawbacks, must remain...the main political arena" for them.⁴⁰ Therefore, without displaying any value even from the practical standpoint, the tactic of the "lesser evil" impeded the coordination of leftist liberal forces, and this was particularly apparent during the campaign of black minister J. Jackson, which was conducted within the bounds of the pre-convention struggle in the Democratic Party.

In comparison to the positions of other candidates, the platform of this man, who had been quite successful in the primaries, was of a clearly radical nature. Most of the "democratic left" did not, however, support Jackson: After choosing to take the side of the "lesser evil," they saw Jackson as an obstacle impeding the nomination of a "realistic" candidate--W. Mondale.⁴¹

The failures of the leftwing liberals in the last campaign raised the issue of an independent third party again. The National Coalition for Independent Political Action, formed just before the elections, wrote an open letter to the GUARDIAN to advocate the creation of a separate movement "capable of challenging the system."⁴²

According to leftwing liberals, in its present form the Democratic Party cannot propose an effective alternative to the Republicans and organize the repulsion of the assault from the right.⁴³ When future tactics are discussed, some of them insist on the more active use of the methods of the protest movements of the 1960's, with an emphasis on "direct action" in the form of civil disobedience campaigns, boycotts, "freedom runs" and so forth. "The radicals are afraid of taking an extreme stand," remarked peace movement veteran S. Lens. "We are afraid of going beyond 'respectable' bounds." In his opinion, it is more necessary than ever before for democratic forces to acquire "the spirit of militancy and radicalism that helped to create the peace movement at the time of the war in Vietnam."⁴⁴

The idea of independent political action, however, is not widely supported by members of the "democratic left" yet: They are still preoccupied with the search for more effective means of exerting pressure on the Democratic Party leadership.

The campaign tactic of the "party within the party" has recently been considered by leftwing liberals. It presupposes the creation of a stable leftwing liberal coalition in the Democratic Party. The activities of the coalition, however, will not be confined to work within the party. "The Democratic Party," THE NATION remarked in this connection, "represents one way of attaining goals, but not the only way."⁴⁵ Current proposals include the creation of a coalition and the support of movements operating outside the party framework, so that, as M. Kann pointed out, "efforts to institute democratic reforms within the framework of existing institutions, and democratic resistance outside this framework" will supplement one another.⁴⁶ There is the assumption that a unified leftwing liberal coalition, made up of members of local groups and of national organizations, could influence the policies of the next administration if the Democrats win the election.⁴⁷

Some steps were taken by J. Jackson to form this kind of coalition. The "Rainbow Coalition," which was created on his initiative during the 1984 campaign and which later became a national organization, held its first convention this April. It was attended by W. Winpisinger, B. Commoner and other prominent figures. The coalition is trying to unite progressive forces before the presidential elections of 1988.

The American left is becoming increasingly aware of the need to unite leftwing liberals and all democratic forces in the United States. The prospects for

their independent political action and the eventual creation of a broad anti-monopolist coalition, an idea actively supported by the Communist Party, USA, will depend largely on the further development of this process.⁴⁸

FOOTNOTES

1. V. I. Lenin, "Poln. sobr. soch." [Complete Collected Works], vol 22, p 193.
2. For more about the mechanism of the protest movements' interaction with liberalism and its political stronghold--the Democratic Party--see V. O. Pechatnov, "Demokraticheskaya partiya SShA: izbirateli i politika" [The Democratic Party in the United States: Voters and Policies], Moscow, 1980.
3. M. Harrington, "Toward a Democratic Left," N.Y., 1968; A. Kaufman, "The Radical Liberal. The New Politics: Theory and Practice," N.Y., 1968; F. Harris, "The New Populism," N.Y., 1973; J. Galbraith, "Economics and the Public Purpose" (tr fr Eng), Moscow, 1979, and others. In 1972 the forces for the "New Politics" were predominant for a short time in the Democratic Party. Many of their demands were included in the campaign platform of the Democratic candidate for the presidency in 1972, Senator G. McGovern. His campaign was supported by the overwhelming majority of protest movements and many organizations of leftwing liberals and even radicals (for more detail, see V. O. Pechatnov, Op. cit., pp 81-96).
4. "Sovremennoye politicheskoye soznaniye v SShA" [Political Awareness in the United States Today], edited by Yu. A. Zamoshkin and E. Ya. Batalov, Moscow, 1980, p 121.
5. Noting the strong influence of the ideas of democratic socialism on the policy aims of this current, B. V. Mikhaylov defines it as "social-reformist" (B. V. Mikhaylov, "Sovremennyy amerikanskiy liberalizm: ideologiya i politika" [Present-Day American Liberalism: Ideology and Policy], Moscow, 1983, pp 28, 80-112).
6. "Voices from the Left. A Conversation Between M. Harrington and I. Howe," THE NEW YORK TIMES MAGAZINE, 17 June 1984, p 24.
7. "Encyclopedia of Associations 1984," edited by D. Akey, Detroit, 1983, vol 1, pt 2, pp 1206, 1210, 1228.
8. The term "grass-roots movement" in English means a "low-level, genuinely popular movement."
9. THE NEW YORK TIMES MAGAZINE, 4 September 1983, pp 22, 23; SOCIAL POLICY, Spring 1983, pp 19-20.
10. "Encyclopedia of Associations," vol 1, pt 2, pp 1536, 1538, 1534.
11. SSHA: EPI, 1982, No 5, pp 108-109; THE NEW YORK TIMES MAGAZINE, 26 April 1981, p 36.

12. "'84 Ayer Directory of Publications," Bala-Cynwyd (Pa.), 1984, pp 190, 689, 328, 674, 176, 700; "Standard Periodical Directory 1983-1984," N.Y., 1983, p 1173.
13. THE NATION, 23 February 1985, p 206.
14. THE NEW YORK TIMES MAGAZINE, 9 September 1984, pp 144, 149; THE NEW YORK TIMES, 25 March 1984; THE NATION, 23 February 1985, p 206.
15. "Encyclopedia of Associations," vol 1, pt 2, pp 1205, 1208.
16. THE NATION, 23-30 June 1983, pp 65, 83; SOCIAL POLICY, Winter 1984, p 11; THE PROGRESSIVE, July 1985, p 38.
17. M. Carnoy, D. Shearer and R. Rumberger, "A New Social Contract: The Economy and Government After Reagan," N.Y., 1983, p 226.
18. "Encyclopedia of Associations," vol 1, pt 2, pp 1213, 1136, 1228, 1188, 1155.
19. The leftwing liberals are referring to the social measures instituted from the 1930's through the 1960's during the period of the New Deal and the programs of the "Great Society." This expansion of the bourgeois government's social functions was formulated in the theory of the "welfare state."
20. THE NATION, 17 May 1980, p 577.
21. DEMOCRATIC LEFT, November 1979, p 7; "Voices from the Left...", p 28; S. M. Plekhanov, "Conference of American Socialists," SSHA: EPI, 1981, No 5.
22. B. V. Mikhaylov, Op. cit., p 89; DISSENT, Summer 1970, p 260; "Voices from the Left...", pp 52-53.
23. M. Carnoy and D. Shearer, "Economic Democracy: The Challenge of the 1980's," N.Y., 1980, pp 3, 375.
24. Ibid., pp 194, 275.
25. G. Alperovitz and J. Faux, "Rebuilding America: A Blueprint for the New Economy," N.Y., 1984; "Beyond Reagan: Alternatives for the 80's," edited by A. Gartner, C. Greer and F. Riessman, N.Y., 1984; S. Bowles, D. Gordon and T. Weisskopf, "Beyond the Wasteland: A Democratic Alternative to Economic Decline," Garden City (N.Y.), 1983; M. Carnoy, D. Shearer and R. Rumberger, Op. cit.
26. DISSENT, Spring 1985, p 139.
27. THE NATION, 8 September 1984, pp 171-174; "Beyond Reagan...", p 10.

28. THE NATION, 22 September 1984, p 243; DISSENT, Spring 1985, p 136.
29. THE NATION, 8 September 1984, p 169.
30. M. Harrington, "Toward a Democratic Left," p 262.
31. It is true that leftwing liberal views on Soviet-American relations have been inconsistent. Some of them took part in the government campaign against "violations of human rights" in the USSR and so forth.
32. DISSENT, Fall 1982, p 417.
33. V. I. Lenin, Op. cit., vol 22, p 193.
34. A. S. Manykin and N. V. Sivachev, "The American Two-Party System in the Past and the Present," NOVAYA I NOVEYSHAYA ISTORIYA, 1978, No 3.
35. V. O. Pechatnov, Op. cit., p 233.
36. W. Domhoff, "Fat Cats and Democrats. The Role of the Big Rich in the Party of the Common Man," Englewood Cliffs (N.J.), 1972, pp 30-31.
37. THE PROGRESSIVE, October 1982, p 36.
38. M. Kann, "The American Left: Failures and Fortunes," N.Y., 1982, p 212.
39. THE PROGRESSIVE, September 1984, p 30.
40. "Voices from the Left...", p 24.
41. For a discussion of J. Jackson's campaign, see SSHA: EPI, 1985, No 2, pp 66-73.
42. GUARDIAN, 31 October 1984.
43. THE PROGRESSIVE, February 1986, pp 19-21.
44. THE NATION, 6 April 1985, p 395; GUARDIAN, 17 April 1985.
45. THE NATION, 21-28 July 1984, p 45.
46. M. Kann, Op. cit., p 6.
47. THE NATION, 23-30 July 1983, pp 65, 82-84.
48. "New Program of the Communist Party, USA," SSHA: EPI, 1983, Nos 1-4.

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PROBLEMS OF DRUNKENNESS AND ALCOHOLISM IN THE U.S.

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 11, Nov 86
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[Article by L. A. Smirnova and N. A. Shvedova]

[Text] Among the many socioeconomic problems in America today, alcohol abuse and alcoholism are particularly serious problems. They, as U.S. ruling circles had to admit back in the late 1960's and early 1970's, "have a direct relationship to national security and threaten the very existence of the American people."¹

Scales of Alcohol Abuse by U.S. Population

The United States is one of the countries with a high level of alcohol consumption.² The first attempts to keep statistics of its volume and structure date back to the middle of the last century (see table). At that time, per capita consumption for the year was around 8 liters of absolute alcohol (a liter of absolute alcohol is equivalent to 2.5 liters of vodka), and strong liquor was the predominant element in its structure (whiskey, gin, rum, etc.).

After that time, the consumption of strong liquor decreased and the consumption of wine and beer increased for a long time, right up to 1920. The so-called "dry law" (Prohibition) was in effect in the United States from 1920 to 1933, representing a radical means of combating alcohol abuse and alcoholism. The passage of this law was preceded by a lengthy struggle by various social, women's, religious and charitable organizations, temperance societies and political parties to popularize temperance and to educate youth about the evils of alcohol.³

There are conflicting views on the results of Prohibition. The authors of some American works say it was ineffective. In their opinion, it was an unsuccessful attempt to combat alcohol abuse and led to such negative practices as the illegal sale and distribution of alcohol, smuggling, corruption, etc.⁴ In general, this point of view reflects the current skeptical assessment of Prohibition and does not provide a thorough and complete understanding of the actual state of affairs. A book by C. Warburton, "The Economic Results of Prohibition," published in the United States in 1932, stresses that one of the positive results of this measure was the considerable reduction of

alcohol consumption. Another result of Prohibition was the sharp decline in deaths from cirrhosis of the liver and other diseases caused by excessive alcohol consumption to the lowest level in U.S. history.⁵

The preparations for Prohibition and the institution of this law in the United States were also highly commended in Soviet scientific literature of the 1920's.⁶ In our day, R. Lirmyan remarks in his article "The Inexcusable"⁷ that the repeal of Prohibition did not lead, as might have been expected, to an abrupt increase in alcohol consumption--in other words, it had the positive impact of instilling the habit of abstaining from alcohol in many Americans. Per capita consumption during all of the years prior to World War II was 3.7-5.6 liters of absolute alcohol.

In the postwar period, however, alcohol consumption rose again. The rise was particularly dramatic in the 1960's--25 percent. The rate declined slightly in the 1970's, to 8 percent, and there was a tendency toward reduced alcohol consumption in the 1980's. Whereas per capita consumption in 1981 was 10.4 liters of absolute alcohol (equivalent to 591 cans of beer of 0.34 liters each, or 115 bottles of table wine, or 35 bottles of strong liquor), preliminary estimates for 1985 put the figure at 8.4 liters. The decrease is mainly accounted for by strong liquor and is the result of an entire group of factors, which will be discussed in detail below.

Consumer expenditures on alcohol totaled 54.5 billion dollars in 1985 in current prices (11.3 percent of food and tobacco expenditures and 2.3 percent of total consumer expenditures).⁸ An analysis of the structure of alcohol consumption shows beer in first place--51 percent in terms of absolute alcohol-- while strong liquor accounts for 36 percent and wine accounts for 13 percent. Around 15.2 percent of the alcohol consumed in the United States is imported, including 37.4 percent of the wine and 35.7 percent of the strong liquor. The share of imported beer is much smaller--4.9 percent--but it is increasing rapidly. The United States does not export much alcohol; the value of total exports is around one-twentieth of the value of imported alcohol.⁹

According to the data of many surveys, alcohol is used by 65-70 percent of the adult population--that is, 21 or over. Furthermore, one-tenth of all the drinkers account for half of all liquor sales.

The level of alcohol consumption depends on sex, age, income, professional status, marital status, education, ethnic origin and religious affiliation. Besides this, there are great differences in scales of liquor sales and consumption in different states. They are due to differences in state and local taxes on liquor, in the minimum drinking age, in the locations and business hours of stores and in local traditions.

Alcohol abuse is not confined to men. According to the North American Council on Alcohol and Drug Abuse, 60 percent of American women use alcohol. The indicator is 80 percent for middle-aged women, and around 12 percent of them are chronic alcoholics.

One of the most acute problems is the spread of drunkenness among the young. Many recent studies have been conducted to analyze the state of affairs in this area. They have established that young people from 18 to 25 consumed approximately 22 percent more alcohol between 1974 and 1982 than people over the age of 25. Alcoholism in the United States is now a much younger disease. The average age of alcoholics fell from 49 to 39 in just the last decade.¹⁰

In Georgia alone, there are 45,000 alcoholic minors. "There is no question that drinking among teenagers," declared P. Sapp, executive director of Informed Families, a social organization in Dade County (Florida), "is the greatest problem we are now facing in our schools."¹¹ The problem is just as acute among college students, 75-95 percent of whom regularly use alcohol.

Per Capita Alcohol Consumption in the United States, in liters

Years	Beer		Wine		Hard liquor		Total AA
	Total	AA	Total	AA	Total	AA	
1850	10.22	0.53	1.74	0.11	15.79	7.12	7.95
1870	32.93	1.67	2.01	0.38	12.87	5.79	7.84
1891-1895	80.65	4.43	2.27	0.42	8.03	3.60	8.44
1901-1905	99.18	4.96	2.69	0.49	7.99	3.60	9.05
1916-1919	81.88	4.09	2.61	0.45	6.36	2.88	7.42
1920-1933	Prohibition*						
1934	51.41	2.31	1.36	0.27	2.42	1.10	3.68
1938	62.76	2.83	2.65	0.49	5.00	2.23	5.56
1946	89.90	4.05	5.07	0.91	8.33	3.75	8.71
1950	87.86	3.94	4.81	0.87	6.52	2.92	7.73
1960	83.09	3.75	5.00	0.83	7.19	3.26	7.84
1970	95.81	4.32	6.47	1.02	9.39	4.24	9.58
1981	106.00	5.30	10.99	1.32	9.32	3.82	10.44
1985**	90.85	4.54	9.46	1.14	6.64	2.72	8.40

AA--absolute alcohol

* No official statistics kept.

** Estimate.

Source: "Fourth Special Report to the U.S. Congress on Alcohol and Health," Wash., 1981, p 17; "Fifth Special Report to the U.S. Congress on Alcohol and Health," Wash., 1984, p 1; "U.S. Industrial Outlook 1986," p 40-30.

According to the National Institute on Alcohol Abuse and Alcoholism (NIAAA), 10 percent of elderly males and 2 percent of elderly females are chronic alcoholics or are suffering the effects of excessive alcohol consumption.

According to the latest data of the Gallup Institute, there were 14 million alcoholics in the United States in 1985.¹² According to the data of various social organizations, however, there were from 12 million to 17 million alcoholics in the United States in the middle of the 1980's. Finally, TIME magazine's estimate is 10 million.¹³

There are several reasons for these widely diverging estimates of the number of alcoholics. On the one hand, the term "alcoholism" is sometimes used in popular science literature to refer to all forms of alcohol abuse. On the other hand, the absence of a unified set of statewide medical statistics leads to the underestimation of the numbers. Besides this, medical statistics usually record only the alcoholics who have requested treatment because they are already severely ill, while people in the early stages of alcoholism are not always recorded in statistics. Many of these people conceal their addiction to alcohol in the fear of losing their jobs or for other reasons.

According to Gallup data, there are another 20 million people in the country who consume excessive quantities of alcohol and could become alcoholics. In addition, many estimates do not include teenagers from 14 to 17 who are regular abusers of alcohol. In 1985 they numbered 3.3 million. The discussion of the spread of alcohol abuse and alcoholism in the United States would be incomplete without the reminder that at least 28 million Americans under the age of 20 are the children of alcoholics, who could be as addicted as their parents. This is an extremely important fact to bear in mind during predictions of the scales of alcohol abuse and alcoholism in the future.

Finally, the number of children suffering from alcohol abuse and alcoholism is not confined to those who abuse alcohol themselves. Drinking has negative effects on other people, especially the drinker's family. According to data cited in congressional materials, the number of victims of alcohol abuse and alcoholism quadruples if these indirect effects are taken into account.¹⁴

It is also significant that the availability of alcoholic beverages does not only have negative effects on alcoholics in the strict medical sense of the term and people who systematically abuse alcohol. They are also felt by, and are frequently quite painful to, even those who drink occasionally, in small and "moderate" amounts. According to some American researchers, "the entire drinking population encounters some problems connected with alcohol consumption; their severity depends on the number of drinks consumed, but these problems are almost always present."¹⁵

Socioeconomic Effects

Studies of the effects of alcohol abuse and alcoholism are being conducted in many fields in the United States. Many researchers are studying the effects of alcohol on the human organism--that is, medical effects. There is indisputable proof of its extremely adverse effects on the brain, heart, nervous and endocrine systems, circulation and digestive organs. According to Stanford University data, more than 30 percent of the patients in American hospitals are suffering from illnesses connected in some way with alcohol addiction.

The prolonged and excessive consumption of alcohol can lead to nervous and mental disorders, affect the brain and disrupt its creative and cognitive functions. Depression, nervousness, hysteria and other disorders are characteristic of alcoholics. Alcohol abuse and alcoholism lead to the complete degeneration of the individual, to physical and mental deterioration, and the last stages of alcoholism cause organic brain damage--pathological intoxication and Korsakoff's psychosis.

Many research projects and experiments in the last 12 years have studied the effects of alcohol on fetal development.¹⁶ They have established that alcohol abuse during pregnancy jeopardizes the health of the fetus. There is a high probability of miscarriage and stillbirth, and many surviving children have congenital defects and suffer from mental disorders.

In 1983 a study of the effects of the alcoholism of parents on children established that the latter are distinguished by lower self-esteem and are more likely to have various types of problems in school. The children of alcoholics are more aggressive, more inclined toward antisocial behavior and more nervous and display an inherited weakness for alcohol. "Even psychiatrists who do not specialize in the treatment of alcoholism believe that from 60 to 80 percent of their patients had parents who abused alcohol," Stanford University expert S. Brown noted.

The economic and social effects of alcohol abuse and alcoholism have been researched more intensely since the end of the 1960's.

American industry annually loses 70 billion dollars as a result of drunkenness, and the abuse of alcohol by federal employees costs the government 3 billion dollars a year. Besides this, various departments and agencies are spending millions of dollars a year just on the treatment of illnesses and accidents caused by alcohol abuse and alcoholism. In all, according to the data of social organizations, economic losses from this evil exceed 100 billion dollars, or 120 billion according to some estimates (declining labor productivity, accidents, and hospital and court costs).¹⁷

The abuse of alcohol by the population not only leads to the immediate reduction of its able-bodied segment as a result of premature death and illness. Scientific and technical progress is making increasingly high demands on, in addition to the educational level and occupation training of workers, their personal qualities, such as complete concentration, comprehension, quick reactions, a high sense of responsibility and so forth, which depend directly on the state of physical and mental health and are therefore adversely affected by alcohol addiction. Furthermore, whereas these demands once applied to a limited group of specialists, they have now become common in connection with the distinctive features of modern production and apply to an increasingly large segment of the employed population. In this way, the spread of alcohol abuse and alcoholism reduces the number of those meeting the new and higher requirements of production, and the deterioration of worker qualities reduces the productivity of labor. Many American researchers have arrived at this conclusion, although the precise relationship between these factors has not been determined yet.

Most of the research projects in this field have concentrated on the decline of labor productivity due to losses of work time as a result of unauthorized absences and temporary disability (illness and accidents). Alcohol abuse is the cause, for example, of half of all industrial accidents. Drunks and alcoholics are much more likely than nondrinkers to be crippled or die. Alcohol is the reason for one-third of all accidents in the home. Alcoholics are from 5 to 13 times as likely as nondrinkers to die from falls and 10 times as likely to die in fires.¹⁸ A survey of seven U.S. railroad companies indicated that workers who abuse alcohol take twice as many days off as other employees. According to American experts, the primary objective in the 1980's will be more precise estimates of the decline in labor productivity as a result of alcohol abuse and alcoholism.

Traffic accidents are in fifth place among the causes of death in the United States, and are the main cause for people under the age of 35. In 1984 around 50,000 people died and another 150,000 were so severely crippled that they were permanently disabled. Alcohol was to blame for half of these tragedies. These data agree with the conclusions of the Insurance Institute for Highway Safety, testifying that fatal accidents caused by drunk drivers have accounted for 55 percent of all traffic deaths in recent decades.¹⁹ Although young people from 16 to 21 constitute 16.5 percent of the U.S. population, they are involved in 45 percent of the traffic accidents caused by drunkenness.²⁰

There is a direct connection between alcohol abuse and crime. An analysis of crimes committed in Philadelphia indicated that either the victim or the criminal or both were intoxicated in the majority of cases.

Alcohol abuse has extremely negative effects on family relations. Broken homes are seven times the national average in families with even one drinking member. In one of the surveys conducted in 1982, a third of the respondents said that drinking created problems in their family. Two out of every five court cases concerning family relations are connected in some way with excessive alcohol consumption.

In connection with the depression frequently caused by alcohol abuse, the suicide rate is quite high among alcoholics. They are from 6 to 15 times as likely to commit suicide as the population at large.

Therefore, the American society is suffering tremendous losses. And even from the purely economic standpoint, these are incomparable to the "benefits" derived from the production of alcoholic beverages, the taxes on liquor, etc.²¹

Ways of Combating Alcohol Abuse and Alcoholism

During the postwar period, little attention was paid to the problem of alcoholism in the United States until the 1970's. For example, there was only one expert on addiction on the staff of the National Institute of Mental Health in 1965. In 1967 the National Center for the Prevention and Treatment of Alcoholism was established under this institute. The scales of the center's activities can be judged by its annual budget, which amounted to only 3 million dollars.²² "No other national problem in the field of public

health," an official congressional document said at the end of the 1960's, "has been ignored to the same degree as alcoholism."²³

It was not until 1970 that Congress passed a law on alcohol abuse and alcoholism prevention, treatment and rehabilitation. The NIAAA was founded on the basis of this law. Its establishment within what was then called the Department of Health, Education, and Welfare marked the beginning of active government participation in the attempts to solve problems connected with alcohol abuse and alcoholism. The institute is now the organizing center of anti-alcohol activity in the country.

Total institute allocations for these purposes reached 795 million dollars at the end of the 1970's; furthermore, one-third of the sum was received from state and local governments and 143.3 million dollars, or 18 percent, came from private firms.²⁴ The federal government and other organizations finance basic and applied research, in which many specialists participate (specialists in various fields of medicine, sociologists, economists, etc.), and personnel training for alcoholism prevention and treatment.

A theory of alcohol abuse and alcoholism prevention was elaborated on the basis of the results of U.S. research in the 1970's and early 1980's. The theory proceeds from the assumption that only a combination of economic, organizational, legislative and educational measures can be effective. It emphasizes that public support is an important and necessary component of these measures.

The theory envisages the simultaneous institution of three basic groups of measures. The first are preventive and are now regarded as the main and decisive link. The emphasis on prevention is due, first of all, to the realization that the treatment of alcoholism alone cannot solve all of the problems arising from alcohol abuse. Secondly, the many temperance societies and groups that are now quite widespread in the United States assign special importance to preventive measures.

The second group, known as "intervention," includes legislative, administrative, organizational and other measures to limit alcohol consumption. Finally, the third group is the treatment of alcoholism.

Throughout U.S. history the government has played an important role in the regulation of alcohol production and consumption, primarily by means of legislation.

One of the latest measures of this kind was a law passed by Congress in 1984, stipulating that federal assistance for highway construction could be reduced in states permitting the sale of alcohol to people under the age of 21. By 1987 all states must raise the minimum age for alcohol sales (to 21). Otherwise, they will lose the funds they receive from the federal government for these purposes.

Drunk-driving laws are tougher now. The police are authorized to punish offenders more severely. Bartenders and the owners of liquor stores in 37 states are responsible for the traffic violations of their patrons.

Many studies conducted in the United States and other countries found a direct connection between alcohol prices and consumption. Price increases are known to be an effective means of regulating demand. In 1984 the U.S. Congress passed a law increasing the excise tax on hard liquor by 19 percent. It went into effect on 1 October 1985. This law is the first significant increase in federal liquor taxes in the last 20 years. The liquor tax is now four times as high as the tax on beer and 18 times as high as the tax on wine.

There are still laws prohibiting the sale of alcoholic beverages in supermarkets. Whiskey, gin, vodka and other hard liquor cannot be sold in grocery stores in most states, and grocery stores in some states cannot sell wine. Liquor is sold mainly in stores owned by official agencies of state governments (something like a trade monopoly) or in small specialized liquor stores with a license to sell alcohol.

Laws have been passed in some states to limit the advertising of alcoholic beverages. For example, the mention of alcoholic beverages in grocery ads is prohibited by law in Indiana.

Agencies of the Department of Health and Human Services are cooperating more extensively with other organizations. For example, the National Cancer Institute and the NIAAA conducted a joint study in 1984 to determine methods of informing the public of some types of cancer caused by the abuse of alcohol.

Little attention was paid to alcoholism in women in the United States until recently. In the beginning of the 1980's, however, an experimental center was established in Los Angeles for the study of this problem and the determination of the specific methods of preventing alcoholism among women.

The severe problem of the increasing consumption of alcohol by the young has made special preventive programs for teenagers necessary. An analysis of the effectiveness of these programs proved that preventive measures should be taken as early as possible, in the pre-school years. Programs are also being developed for adults having direct contact with teenagers--their parents and other relatives, as well as teachers. The compilers of these programs proceed from the assumption that these people will transmit information about the adverse effects of alcohol to teenagers.

A joint project of the American Medical Association and the American Association of Automotive Industry Executives warrants consideration. The authors of the project proposed the maximum use of the teenager's desire for a driver's license. Young people in New York, Wisconsin and Oklahoma must watch a movie about the evils of alcohol and then pass a test on it.

State and local government agencies have recently been active in the struggle against alcohol abuse and alcoholism. A broad information campaign, organized by the NIAAA in conjunction with state agencies responsible for anti-alcohol measures, was launched at the beginning of the 1980's. The campaign shed light on the problems of alcoholism in women, the use of alcohol during pregnancy and alcoholism among youth, especially the connection between drinking and traffic accidents.

Information about the evils of alcohol is being disseminated through many channels (television, radio and the press). Large segments of the public are being encouraged to work with state and local agencies. State governments are allocating financial and other resources for the dissemination of information, are assuming responsibility for the organization of campaigns against alcohol abuse and are drawing up special programs with a view to local conditions. Thousands of people throughout the country are involved in these measures. A nationwide alcohol abuse and alcoholism prevention network has been established, including special agencies for preventive measures in individual states.

The states have been active in drawing up legislation against drunk driving. In 1983, 378 such bills were introduced in 37 states, and 38 of them became law.²⁵

In addition to the government regulation of alcohol consumption, important measures are being taken by private firms to combat alcohol abuse. An article in BUSINESS WEEK noted that "the business community is quite disturbed by the decline in labor productivity at enterprises as a result of alcohol abuse."²⁶ Special programs to combat alcohol abuse and alcoholism are being drawn up in private firms. They are being planned with a view to the distinctive features of the production process and the most expedient methods of alcoholism prevention, treatment and rehabilitation.

The alcoholism prevention programs of some companies date back to the 1940's. These programs were few in number, however, and the number rose slowly during the 1950's and 1960's. Programs against alcohol abuse were not drawn up in earnest until after the founding of the NIAAA. Now many large firms have these programs, and whereas they were once carried out by company medical offices, they are now the responsibility of personnel divisions. Drinking on the job is cause for severe penalties or dismissal in many firms.

What are the results of all these measures? How effective are they? Why, despite all of the efforts made at various levels, is alcohol consumption still quite high, and why do alcohol abuse and alcoholism still constitute one of the country's greatest socioeconomic problems?

First of all, it is important to remember that whereas it is relatively easy to learn more about alcohol and its adverse effects, it is much more difficult to change the habits of people. These conclusions were drawn, in particular, when the effectiveness of a program for the prevention of alcohol abuse and alcoholism among students at Virginia State University was analyzed.

Secondly, the effectiveness of programs to combat alcohol abuse and alcoholism is considerably reduced, and sometimes nullified, by the activities of liquor monopolies. Private companies derive huge profits from the liquor business. To maintain these profits, they do not skimp on advertising, the cost of which tripled just in the 1970's and now exceeds 1 billion dollars a year. All of the mass media are full of alcohol advertisements, which are highly aggressive and are aimed at winning new customers, particularly among youth and women. There are also special advertisements addressing alcoholics.

Finally, all of these measures are incapable in themselves of eliminating the socioeconomic and psychological causes of the spread of alcohol abuse and alcoholism in the United States. Many Americans abuse alcohol because they want to get away from the problems of daily life, stress, despair, alienation and insecurity (which are felt even by extremely wealthy population strata). The psychological devastation of the jobless and homeless, who are exposed each day to the complete indifference of the powers that be, the fear of their "lucky" countrymen of losing their "place in the sun," and the widespread crime, racism and violence--all of this leads millions of Americans to the illusory state of oblivion alcohol offers them.

Many people in the United States today are now aware of the adverse effects of alcohol on human health, and this is influencing their feelings about drinking. The idea that a person's health is his own responsibility is being widely acknowledged. For this reason, many people have begun to cut down on alcohol or to give it up, replacing it with soft drinks and juices. It is becoming increasingly fashionable not to drink at all. The title of an article in TIME magazine is indicative in this respect--"Water, Water Everywhere."²⁷ There is a strong tendency to socialize without alcohol. The glass of wine has gradually ceased to be one of the compulsory attributes of the movie hero.

It is significant that the danger of losing one's job, high salary and prestigious place in society is an extremely important factor contributing to the avoidance of alcohol.

There is also no question that various legislative and administrative measures have influenced alcohol consumption. For example, the higher federal tax on liquor is expected to reduce consumption by 2.5-4.5 percent.

Therefore, there is no question that measures to combat alcohol abuse and alcoholism in the United States are producing results, but the problem itself is far from solved, because of the many difficulties and conflicts inherent in an anti-alcohol policy in the capitalist society.

FOOTNOTES

1. "Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation. Hearings..., U.S. Senate, May 21, 25, 1970," Wash., 1970, p 69.
2. There was a fundamental change in the assessment of alcohol and its effects on the organism in the last decade. The World Health Organization (WHO) categorized alcohol as a narcotic along with heroin, marijuana and other substances. According to a special report of the American National Institute on Alcohol Abuse and Alcoholism, alcohol is the number-one narcotic.
3. The sale of alcoholic beverages was first prohibited in the state of Maine in 1846. By 1918 similar laws were already in effect in half of the states. Wherever this legislation did not exist, local government

agencies prohibited or limited alcohol sales within their own territory. Besides this, Congress prohibited the sale of alcohol in the District of Columbia and on Indian reservations. The smuggling of alcohol into states with "dry laws" made these laws difficult to enforce. In connection with this, in 1913 Congress passed a law to prohibit deliveries of alcohol to states banning it. World War I promoted the passage of a federal "dry law." It went into effect in 1918 and prohibited the sale of alcohol during the war and during the period of demobilization (exports were permitted). A permanent nationwide "dry law" was authorized by the 18th Amendment to the U.S. Constitution, which went into effect in 1920. The law remained in force until 1933, when Congress approved the 21st Amendment, repealing the Prohibition Amendment. By the end of 1933 it had been ratified by 36 states and became law.

4. "Contemporary Social Problems," edited by R. Merton and R. Nisbet, N.Y., 1971, pp 164-165, 756, 804.
5. "Alcoholism and Related Problems: Issues for the American Public," Englewood Cliffs (N.J.), 1984, pp 65-66.
6. I. D. Strashun, "The Struggle Against Alcoholism," in "Alkogolizm kak nauchnaya i bytovaya problema" [Alcoholism as a Scientific and Family Problem], Moscow-Leningrad, 1928.
7. KOMMUNIST, 1985, No 8.
8. "U.S. Industrial Outlook 1986," p 40-31.
9. "U.S. Industrial Outlook 1985," pp 42-3, 42-5.
10. TIME, 20 May 1985, p 48.
11. Ibid.
12. "Alcohol Use and Abuse in America," THE GALLUP REPORT, No 242, November 1985, p 2.
13. TIME, 20 May 1985, p 48.
14. "Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation," p 71.
15. "First Special Report to the U.S. Congress on Alcohol and Health," Wash., 1971, p XXII.
16. See, for example, "Infant Mortality. A Report Prepared by the Congressional Research Service for the Use of the Subcommittee on Health and the Environment and the Subcommittee on Oversight and Investigations of the Committee on Energy and Commerce. U.S. House of Representatives, March 1984," Wash., 1984.

17. "Reauthorization of the National Institute on Drug Abuse and the National Institute on Alcohol Abuse and Alcoholism 1984. Hearings..., U.S. Senate," Wash., 1984, p 72.
18. "Fifth Special Report to the U.S. Congress on Alcohol and Health," Wash., 1984, p 94.
19. BUSINESS WEEK, 25 February 1985, pp 54-55.
20. "Fifth Special Report to the U.S. Congress on Alcohol and Health," p 9.
21. According to one liquor industry association, taxes and other liquor revenues entering the treasuries of federal, state and local governments in 1981 totaled 15.7 billion dollars, employment in this industry reached 826,000, and the number of firms reached 400,000.
22. "Third Special Report to the U.S. Congress on Alcohol and Health," Wash., 1978, p 79.
23. "Alcohol and Alcoholism. National Clearing House for Mental Health Information. Publication No 5011," Wash., 1969, p 63.
24. "Fourth Special Report to the U.S. Congress on Alcohol and Health," Wash., 1981, p 181.
25. "Fifth Special Report to the USSR Congress on Alcohol and Health," p 135.
26. BUSINESS WEEK, 25 February 1985, pp 54-55.
27. TIME, 20 May 1985.

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BACKGROUND ON U.S. VIOLATION OF SALT II

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 11, Nov 86
(signed to press 22 Oct 86) pp 56-60

[Article by N. I. Bubnova: "The Fight Over SALT"]

[Text] The U.S. Government's announcement of its intention to stop observing the 1972 Interim Agreement on Certain Measures With Respect to the Limitation of Strategic Offensive Arms (SALT I) and the 1979 Treaty on the Limitation of Strategic Offensive Arms (SALT II), as well as the Pentagon's first actual steps to violate the provisions of the treaty,* constitute a predictable link in the chain of Washington's deliberate actions to break through the barriers erected in the path of the arms race by the Soviet-American accords of the 1970's.

From the very beginning the Reagan Administration's aims diverged dramatically from the purpose and goals of the SALT agreements. It openly made the achievement of military superiority the cornerstone of its foreign policy. It was impeded by the accords which had been based on the principle of equality and equivalent security, recorded the adjusted parity in the military-strategic sphere and established it as the basis for future talks.

The Reagan Administration represents the forces that resisted detente and arms limitation most vigorously in the 1970's. Many of its officials were leaders of organizations founded specifically to oppose the SALT II Treaty. The deliberate actions of these organizations were the main factor subverting its ratification. It was no coincidence that Ronald Reagan was already saying during his first campaign that the SALT II Treaty had "fatal flaws" and was promising to renounce it.

* A report from the United States in August said that the work of equipping a 131st heavy bomber with long-range cruise missiles had begun. To limit the quantitative and qualitative parameters of strategic offensive arms, the SALT II treaty stipulated that the number of ICBM's and SLBM's equipped with MIRV's could not exceed 1,200, and that the number of these missiles and of heavy bombers armed with cruise missiles could not exceed 1,320. The existing number of U.S. MIRV'ed ICBM's and SLBM's precludes the deployment of more than 130 bombers with cruise missiles.

In the eyes of the world public and in America itself, however, the SALT agreements represented the efforts to reduce the nuclear danger and indisputably enjoyed widespread support. Many members of U.S. political and military circles were well aware that the renunciation of the SALT accords would not put the United States in a better position, but, rather, would remove even the limits on the parameters the United States was most interested in limiting through negotiations--the number of carriers and types of ICBM's, the permissible degree of their modernization, the number of warheads on ICBM's, including heavy ones, the possible ways of circumventing national technical means of verification, and others.

In 1981 the Reagan Administration announced that it would refrain from violating the provisions of the SALT II Treaty. After deciding not to immediately break the SALT agreements, it began employing the tactic of their gradual subversion, combined with an energetic propaganda campaign, to discredit the main achievements of the entire SALT process. The White House insisted on the formal treatment of this document, asserting that the treaty and the protocol to it were intended to stay in force for only a limited period of time, after which the United States could freely use its own discretion, without any regard for its provisions.

This interpretation is contrary to the letter and the spirit of the SALT II Treaty. The preamble of this document says the parties are convinced that "the additional measures limiting strategic offensive arms provided for in this Treaty will...help to reduce the risk of outbreak of nuclear war and strengthen international peace and security." Article I says: "Each Party undertakes, in accordance with the provisions of this Treaty, ...to exercise restraint in the development of new types of strategic offensive arms." The Joint Statement of Principles and Basic Guidelines for Subsequent Negotiations on the Limitation of Strategic Arms, signed at the same time as the treaty, says that the parties will continue striving for the resolution of the problems mentioned in the protocol, and that future negotiations will be conducted "in furtherance of existing agreements." These excerpts testify that the treaty and the protocol to it were signed with the aim of creating a long-term basis for subsequent measures to limit and reduce arms and obligated the parties to take their provisions into account in decisions on matters of military policy.

The Reagan Administration, however, deliberately assigned the SALT II Treaty a subordinate role, making its observance dependent on its own military programs. In December 1983, despite a mass protest movement, the deployment of American intermediate-range ballistic missiles and cruise missiles began in Western Europe. It is obvious that, since they are capable of reaching Soviet territory, they are strategic as far as the Soviet Union is concerned. When the United States made the decision to deploy them in Europe, it was making a conscious effort to change the strategic balance in its own favor and thereby deliberately circumvented the SALT II Treaty. The United States simultaneously violated the protocol to the treaty, because the range of the cruise missiles in Europe exceeds 600 kilometers, which is prohibited by Article II of the protocol.

In defiance of the SALT II Treaty provisions permitting the development of only one type of light ICBM, the United States is preparing to add a second ICBM to its strategic arsenal; the first ICBM of the new generation--the MX missile--has been developed. The administration has purchased 50 of these missiles and is pressuring the Congress for its consent to a higher number. This has been accompanied by the work on the Midgetman mobile missile, the testing of which has been scheduled for the late 1980's.

In an attempt to justify its efforts to subvert the SALT agreements and to simultaneously misrepresent Soviet policy, the Reagan Administration has been waging a noisy campaign about the Soviet side's supposed violations of existing arms limitation agreements virtually since its first days in the White House.* The USSR was already being accused of "violating" international agreements in the past. In the 1970's the accusations were initiated by American pro-militarist and reactionary groups using this slogan to oppose detente and arms limitation. The difference between the accusations of the past and present is that today's campaign was inspired by the administration itself, which has accused the Soviet Union of failing to observe precisely the limits that present it with the greatest difficulties in its own efforts to undermine the SALT II Treaty.

The U.S. leadership tries to justify American military programs contradicting SALT provisions with references to the need for a "commensurate response" to the treaty violations allegedly committed by the Soviet Union. For example, the story that the USSR supposedly tested two ICBM's, instead of the one ICBM permitted by the SALT II Treaty, has made the rounds in the United States. The United States has tried to pass off the new model of the RS-12 missile, the RS-12M, as the second new type of ICBM, despite the fact that modification within prescribed limits is permitted by the treaty, and the Soviet Union duly provided the American side with specific data to certify that the modification in question was precisely of this type. It is obvious that the American leadership needed the argument about the development of two new types of ICBM's in the USSR to justify its own Midgetman program.

As the speed of the modernization of strategic arms increased, the SALT agreements became a Procrustean bed for Washington's militarist plans. The Pentagon's military programs first reached the SALT threshold in summer 1985. By launching the seventh submarine of the Trident system with 24 SLBM's, the United States could exceed the limit of 1,200 units stipulated in the SALT II Treaty for ICBM's and SLBM's equipped with MIRV's. On 10 June 1985 Ronald Reagan announced that the United States would avoid this by removing a submarine of the earlier Poseidon model from operational status. At the same time, the President said that the U.S. leadership would make future decisions on the observance or nonobservance of SALT provisions "separately in each specific case." In this way, the American administration began preparing the public for the future refusal to observe these agreements.

* For a more detailed discussion, see V. P. Abarenkov, "Who Is Not Observing Negotiated Agreements," SSHA: EPI, 1984, No 6--Ed.

On 27 May 1986 Ronald Reagan, who had already announced the removal of two other Poseidon submarines from operational status in connection with the commencement of tests of the newest "Nevada" submarine of the Trident system, openly declared the American leadership's intention to go beyond the limits stipulated in the 1979 treaty by the end of the year.

By replacing the two Poseidon submarines, each of which was equipped with 16 MIRV'ed ballistic missiles, with a new missile carrier with 24 ballistic missiles, the United States formally stayed within the SALT II framework. According to administration spokesmen, however, the decision to observe the limits of the 1979 treaty in this case was not motivated by the desire to remain within these limits, but by practical military and financial considerations. Another possibility had been discussed by the National Security Council in March and April 1986--putting the two abovementioned Poseidon submarines in drydock for subsequent re-equipping and relaunching, which would have led to the direct violation of SALT II limits. The naval leadership and the Joint Chiefs of Staff objected to this decision. The fact was that the service life of this type of vessel is around 30 years, and the two ships in question had already been used for more than 20 years and, consequently, had a relatively short service life left even after major repairs. Besides this, an accident in the Irish Sea in March 1986 had caused extensive damage to one of them. Putting the submarines in drydock and carrying out major repairs would have required a large portion of the funds the military establishment intends to use for previously planned military programs.

After the President's announcement of 27 May 1986, a campaign was launched in the United States for the continued observance of the SALT agreements. The campaign was joined by such antiwar organizations as the National Nuclear Freeze Campaign, Mobilization for Survival, Women for Nuclear Disarmament, the Union of Concerned Scientists, the Arms Control Association and many prominent public spokesmen and politicians, including the former heads of the American SALT I and SALT II delegations, G. Smith and P. Warnke, former Secretary of Defense R. McNamara, Director of the CIA under the Nixon and Ford administrations W. Colby, Deputy Assistant Secretary of Defense in the Carter Administration W. Slocombe and others.

The SALT agreements are widely supported in the U.S. Congress. The Senate, in spite of the Republican majority, expressed a definite opinion a year and a half ago when an overwhelming majority (90:5) voted for the observance of SALT II provisions when the seventh Trident submarine was put on operational status. Although the advocates of the observance of the SALT II Treaty in the Capitol were defeated in the last year by Senate Majority Leader Dole's refusal to support it, most of the members of the Senate and House felt the need to openly express disapproval of the President's statement and to counter it with the energetic promotion of arms control.

The decision to renounce SALT was a catalyst to congressional objections to the administration's militarist programs. The discussion of the draft military budget for 1987 took place in the highly charged atmosphere of arguments about SALT. Resolutions and bills demanding the observance of Soviet-American agreements were passed in both houses. In particular, measures to block

allocations for weapons exceeding SALT II limits were discussed, but did not become law. In June 1986 the House of Representatives passed a resolution requesting the President to observe the SALT II Treaty, but it was in the nature of a recommendation. In August an amendment to the defense budget act, prohibiting allocations for nuclear arms exceeding the limits set in SALT agreements, was passed in the House by a vote of 225 to 186. This amendment, however, did not become binding either.

The Reagan Administration's decision to stop observing the agreements also disturbed the U.S. allies.

In May 1985 the observance of the SALT II Treaty was advocated at a regular conference of NATO foreign ministers. In the middle of April 1986, E. Rowny, special adviser to the President and the secretary of state on arms limitation talks, and P. Nitze, special representative for negotiations, toured several West European and Asian countries--allies and trade partners of the United States--to learn their views on the treaty. The leaders of these states unanimously favored its continued observance. The American administration responded by promising to consider the allies' opinion in its decision on the SALT documents.

This is why the leaders of these countries were so upset by Ronald Reagan's statement of 27 May 1986. The U.S. position was criticized by the allies at a meeting of the "big seven" in Tokyo in May 1986 and at a regular session of the NATO Council in Halifax, Canada, a short time later. Most of the leaders of the West European countries publicly supported the SALT agreements. When President F. Mitterand of France visited the Soviet Union in early July 1986, he declared his belief in the need for the continued observance of Soviet-American strategic arms limitation agreements. At a meeting with M. S. Gorbachev in Moscow on 21 July, FRG Vice Chancellor and Minister of Foreign Affairs H. D. Genscher acknowledged the need to observe negotiated treaties, especially the SALT and ABM treaties.

Therefore, the United States was completely alone in its opinion of the SALT agreements. The Soviet Union's new initiatives to stop and reverse the stockpiling of weapons and the unilateral USSR moratorium on nuclear tests contributed to the Western public's realization that the Soviet Union is sincerely interested in disarmament and that the threat to peace is posed by U.S. militarism. A wave of antiwar demonstrations under the slogans "No to the plans for the militarization of space," "Stop the arms race" and "Observe the SALT agreements" engulfed Western Europe and the United States itself.

Under the pressure of world public opinion, the American side had to consent to a special session of the Soviet-American Standing Consultative Commission, created to promote the implementation of the goals and provisions of the Treaty on the Limitation of ABM Systems and the Interim Agreement on Certain Measures with Respect to the Limitation of Strategic Offensive Arms, concluded on 26 May 1972, and the agreement on measures to reduce the danger of nuclear war of 30 September 1971. It was convened at the suggestion of the Soviet Union.

During the session the Soviet delegation stressed that the U.S. administration's decision to stop observing SALT agreements could have extremely dangerous ramifications. It would lead to an uncontrollable and unpredictable arms buildup and escalate international tension. The American side's attention was directed to the fact that this refusal would seriously complicate the Geneva talks on nuclear and space arms. The Soviet delegation also expressed serious worries about the possibility that the American intention to renounce treaty limits could also jeopardize the Treaty on the Limitation of ABM Systems, representing the foundation of the entire strategic arms limitation process.

The American side had virtually no response to any of the questions about the negative implications of the U.S. move. Instead of speaking to the point, the American delegation talked about some kind of "policy of restraint," which would actually serve as a cover for the arms race the United States is conducting, and in the very fields Washington considers most promising. The Reagan leadership is striving to push this bilateral body into the background, although it was created specifically for the elucidation of debatable issues and the elimination of different interpretations of the agreements, and although the effectiveness of the commission was repeatedly acknowledged by all previous administrations.

Now, however, ultra-rightist forces in the United States hope to use the administration's decision as a spring-board for an all-out attack on whatever remains of the achievements of the normalization of Soviet-American relations in the 1970's. "Arms control has fallen into the hands of those who tried for many years to topple the entire edifice of arms control," the CHRISTIAN SCIENCE MONITOR remarked on 13 June 1986. "As a result, we are now approaching a situation which could seriously injure our national security interests."

It is completely obvious that the United States will not be able to disrupt military-strategic parity by refusing to observe the SALT accords. As past experience tells us, ever since the beginning of the 1970's, when the USSR achieved nuclear parity with the United States, it has always been able to take effective measures to frustrate each successive effort to achieve military superiority. "We regard the security of our country as a sacred cause. This should be clear to everyone," M. S. Gorbachev said in an appearance on Soviet television on 18 August 1986. "This is a matter of principle. We proceed from this when we respond to all U.S. challenges, including the notorious SDI.... Let the people in the American administration assess and reassess the real value of the new military programs and the arms race in general from the standpoint of the interests of the United States and its security."

The mounting opposition to the White House's decision to stop observing the SALT II Treaty testifies that, even in America, more and more people are aware that all of the positive achievements in nuclear arms limitation and reduction must be preserved.

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HISTORY OF STAR WARS 1945-1986

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 11, Nov 86
(signed to press 22 Oct 86) pp 61-64

[Article by N. B. Yaroshenko]

[Text] President Reagan is stubbornly trying to crank up the mechanism for the implementation of his so-called "Strategic Defense Initiative" (SDI), with the hope of making it irreversible or at least keeping it in motion for many years to come. The idea of "Star Wars" is his favorite offspring, and he is simultaneously its most passionate champion and propagandist. "I do not know of anyone who could advertise the SDI with as much conviction and skill," said E. Rowny, the White House's special adviser on arms control.

More and more doubts about the SDI, however, are being expressed in the United States. Even the House of Representatives of the U.S. Congress voted for the substantial reduction of appropriations for this program in fiscal year 1987--a reduction of 40 percent in the administration's original request--before its summer recess.

There has been no letup in the arguments over the SDI among scientists, specialists and even its supporters.

American journalist J. Manno recently infused new spirit into the Star Wars debates by reporting some startling facts about the pre-history of the President's "initiative." He published a book, "Arming the Heavens: The Hidden Military Agenda for Space, 1945-1995," revealing that the idea of "Star Wars" is not new.

Manno writes in his book that the research and development of exotic systems designed for military operations in space have been going on for a long time. In the late 1940's many German experts on the latest types of weapons were in the United States and had a perceptible effect on American military thinking. They included, in particular, General W. Dornberger, the director of the rocket program in Hitler's Germany and the head of the research center in Peenemunde. After spending 2 years in an English prison (he was found guilty of the bombing of London), Dornberger moved to America and soon became an adviser to the Pentagon on aviation.

He suggested a fantastic system of weapons in space to his new bosses. It consisted of numerous satellites with nuclear missiles on board, circling the earth at various altitudes and from various angles. Each of these satellites could be commanded from earth to return to the dense strata of the atmosphere and destroy targets. The idea appealed to the American Air Force command. This was the start of the NABS program (Nuclear Armed Bombardment Satellites).

The NABS was a theme with variations for Dornberger. He developed it by proposing a space-based antimissile system, the nucleus of which would consist of a "swarm" of satellites equipped with small missiles with a homing system operating in the infrared range. But his suggestion was premature: There were no targets in space to intercept, and there were no missile carriers capable of putting these weapons in a low-earth orbit. The project was postponed.

The American military, however, was already unable to give up the tempting prospect of "Star Wars." In the 1950's Dornberger's ideas lay at the basis of the new BAMBI research project (Ballistic Missile Booster Interceptor). A fierce struggle broke out over the project: Dornberger, literally obsessed with "conquering, seizing, mastering and using" space for military purposes, made every effort to discredit the projected NASA space flight program. He called these flights "stunts" calculated to produce an effect on the public, which would divert funds from "necessary" research, and demanded that more attention be paid to space weapons. "Gentlemen," the German general told a national conference of the rocket industry, "I did not come to this country to lose a third world war. I already lost two." These words were quoted by THE NEW YORK TIMES on 6 June 1958.

The desire of the military to get BAMBI at any price had no real basis--neither technological nor military-political. This was, as J. Manno says, a product of the wild and highly colored imagination of the "space hawks."

Even some people in the Pentagon thought the project was extremely premature and primitive. In 1962 R. McNamara, the Kennedy Administration's secretary of defense, who thought the project was "useless," stopped all of the research. BAMBI was laid to rest, and the officers who had initiated the project were suddenly missing.

The work in this field was given new momentum by the Reagan Administration. As the book "Arming the Heavens" says, Reagan's election was a signal to the "space hawks" that they no longer had to pretend that the United States was pursuing peaceful aims in space, and they took control of military policy-making. In the first months of 1981 Reagan was already ordering the creation of a commission to review the ABM issue. The deciding discussion of the matter at the end of that year did not take place in Congress or in any other official establishment, but in the small circle of Reagan's old friends, where industrialists K. Bendetsen and J. Dart rubbed elbows with retired General D. Graham (he was Reagan's campaign adviser on military affairs) and "father of the H-bomb" E. Teller. Some of them believed that a BMD system could be developed quickly on the basis of existing technologies. Others--Teller, for example--asserted that only a "major technological breakthrough" could

simultaneously guarantee the United States effective missile defense and military, technical and industrial superiority to the USSR.

One result of these debates was the publication of D. Graham's book "High Frontier: A New National Strategy" in spring 1982. "High Frontier" is the name of a research project envisaging the creation of a "global BMD system." It was conducted by a group of former officers and experts on aviation on the orders, under the auspices and with the funds of the ultra-conservative Heritage Foundation. "High Frontier" proposed a rich variety of projects to satisfy the most diverse tastes of the "pro-space audience." They included the global BMD system, the "high-altitude spaceplane" (another idea borrowed from Dornberger's plans, his favorite offspring--an aerospace plane-projectile he once suggested to Hitler), space shuttles of improved design, a guided orbiting station and, finally, a satellite in a geostationary orbit using solar energy.

The global BMD system in space (the same obsessive idea of Dornberger's that R. McNamara had buried 20 years before) would essentially consist of the following: a network of 432 artificial satellites in a low-earth orbit, each equipped with 50 small missiles capable of destroying ICBM's in flight, and not merely in flight, but in the active portion of their trajectory ("boost phase"), before the engine falls away and while all warheads can still be destroyed with a single strike. However, it was precisely this detail of the plan, the most appealing in the project, that was just as tempting as it was unattainable.

This was and is the subject of many disagreements. The main drawback of the plan is that it is based on the obviously unrealistic assumption that the other side will sit by idly while all of this is going on. But after all, every step one side takes is inevitably followed by a countermeasure. For example, it was thought that Graham's missile booster interceptor would be quite effective against boosters powered by liquid fuel. The opponents of the plan correctly retorted that the replacement of liquid fuel boosters with hard fuel boosters (thereby considerably reducing the "boost phase") would turn 432 interceptor-satellites into a trash heap in a low-earth orbit.

"Even if the interceptor-satellite," wrote, for example, President R. Bowman of the Institute for Space and Security Studies in his book on Star Wars, "is exactly in the right place and is capable of firing directly at the launched missile, it will not reach it before the end of the boost phase. If it hits something then, it will be the still-warm released booster, while the part carrying the warheads will quietly and imperceptibly fly directly to its target."

In general, this project did not delight the Pentagon either, because of its extremely dubious effectiveness.

Then President Reagan suddenly presented his "Star Wars" speech on 23 March 1983. There was no special reason to make this statement: There had been no apparent fundamental advances in technology. As University of California Professor G. Gartner remarks in an article in FOREIGN POLICY, since that time, for 3 years now, administration spokesmen have invariably been asked two questions: "Will it (SDI) work?" and "How do we know?"

The combination of complex computerized equipment and nuclear weapons has given rise to doubts. R. Garwin, expert on military affairs and chief scientist at IBM, believes that relying on it "is the same as putting a short circuit in a room filled with fuel. The slightest computer error could start a nuclear war."

The program is encountering great difficulties, but the defenders of the SDI are striving to modify it and will continue revising their plans until they begin to look completely realistic. The SDI Organization has already rejected the most awkward elements of the program--for example, the "pop-up" weapon, has admitted that the practicality of X-ray lasers has not been demonstrated yet, has trimmed the chemical laser program because it was too cumbersome, and so forth.

Nevertheless, the "inconspicuous lobby" headed by D. Graham and bearing the same name as his project, "High Frontier," is intensifying the SDI promotional campaign. American, Japanese and European supporters of the SDI gathered at a castle in Merano, Italy, at the end of April 1986. This unique club is headed by a handful of servicemen and close friends of President Reagan and is funded by "private contributions." Each year the club officers meet "in conclave" and small conferences are organized every 2 months.

This time, in Merano, they discussed more than "high-altitude strategy"; industrial projects connected with the SDI program were also discussed. The people attending the gathering included Under Secretary of Defense F. Ikle, American scientist P. Glazis, and R. Richardson and T. Moor--"High Frontier's" second- and third-in-command, as well as some West German industrialists and--for the first time--emissaries from the giant French Matras, Dassault and Aerospatial companies. The French had displayed restraint up to that time: General Gallois, vice president of the Geopolitical Institute, was the only French member of the High Frontier board at all previous meetings. In Merano--to attach the French more closely to the SDI--it was proposed that General Gallois be asked to head a new High Frontier establishment--a so-called international space academy.

It was also decided in Merano that High Frontier would begin promoting the idea of a "European defense initiative" (EDI) in real earnest--that is, it would try to involve as many West Europeans as possible in Star Wars. They would have to be convinced of the expediency of creating "regional defense systems," related to the American project, and agreements would have to be concluded with industrial groups in all fields. At the end of the meeting, T. Moore, High Frontier's deputy director for operational affairs, was interviewed by France's LIBERATION and said: "We are thinking of developing two related levels of defense: The American SDI would secure protection from ICBM's, but there would also be 'regional defense initiatives' in Europe, Africa, the Middle East or the Pacific.... The combination of these different systems would create a real world system of defense."

It is easy to see that the very term "world system of defense" was coined with the obvious aim of diverting attention from the Soviet Union's proposed program for the creation of a comprehensive system of international security, with

nuclear disarmament, conventional arms reduction and the renunciation of the military resolution of conflicts between states as its central elements. The idea of the "world system of defense," however, led to some embarrassment.

In June 1986 a conference was held in Washington on the initiative of TIME magazine for another discussion of the Star Wars program. It is significant that the participants included people who supported the President and agreed with him--for example, Lt Gen J. Abrahamson, director of the SDI Organization, Assistant Secretary of Defense for International Security Policy R. Perle and special adviser on arms control P. Nitze--as well as critics of the program--former Director of the Pentagon's Advanced Research Projects Agency J. Ruina, former Defense Department staffer W. Slocombe, Deputy Director of the Stanford University Linear Accelerator Center S. Drell and others.

During the discussion Assistant Secretary of Defense R. Perle and SDI chief scientist J. Yonas declared that the goal of the SDI was not the creation of an all-encompassing "shield" over the territory of the United States, but only the protection of American strategic nuclear missile silos. "It is a mistake to think that we are planning to protect everyone and everything with an ideal defensive system," Yonas said.

But it was precisely the President's statement that this program was allegedly supposed to "protect humanity," direct "the great talents of scientists to serve the cause of peace on the planet" and create the means of "rendering nuclear weapons impotent and obsolete" that was so appealing to many people. Now, however, it turns out that the "space shield" is supposed to cover only "important military objects, command points and ballistic missiles."

J. Ruina, a prominent expert on nuclear strategy, reminded the participants that all U.S. presidents from Eisenhower to Nixon had wanted to create different varieties of "absolute defense." All of them eventually realized, however, that "by building a new defense system they were only beginning a new destabilizing round of the arms race."

Effective defense is more of a political matter than a technical one, S. Drell admitted: "The road to a safer world can be reached by negotiation, and not by the creation of a new laser."

This is an intelligent conclusion. The insane plans of Hitler's generals plunged the world into the abyss of World War II. The dream of "ruling the stars," which originated in these insane ideas, is threatening humanity with even greater disasters.

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RESULTS OF THE 1985 U.S. FOOD SECURITY ACT

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(signed to press 22 Oct 86) pp 70-74

[Article by Ye. N. Vasilyeva and I. B. Linnik: "The Agricultural Law of 1985"; passages rendered in all capital letters printed in boldface in source]

[Text] It has been almost a year since the enactment of the new U.S. agricultural law, the "Food Security Act," defining the priorities of Washington's agricultural policy up to 1990. The heated debates in the Congress on virtually all provisions of the law, culminating in the approval of an obvious compromise, and the many alarming predictions that were made soon afterward, prove that American agriculture and its state-monopolist regulation are in a state of severe crisis.

Since the "Great Depression" of the 1930's the government has actively regulated process in agriculture in an attempt to alleviate deep-seated socioeconomic conflicts. It was then that the government programs of acreage restriction and farmer income support began to be drawn up and carried out. The most important of these envisaged the non-cultivation and conservation of land resources, and the stabilization of agricultural prices by means of government purchases or the extension of loans to farmers with the acceptance of their crops as collateral.¹ The exact workings of the individual agricultural programs are set forth in special legislative acts, which are regularly reviewed and updated, but their main purpose--to combat overproduction with funds from the federal budget--has remained the same from year to year.

When Reagan took office in 1981, his administration announced a new agrarian policy, the main purpose of which was to be the reduction of federal budget expenditures on agricultural programs, the revision of these programs to conform to market prices and the consequent equalization of U.S. domestic prices with lower world prices, which could promote the growth of agricultural exports. The expansion of exports, in turn, was regarded as an important means of averting the crisis of overproduction that started at the turn of the decade in U.S. agriculture.

These were the principles of government agricultural policy declared in the earlier (1981) agricultural act, but the economic policy of the Republican administration in 1981-1985, which led, in particular, to the higher cost of

credit and the dramatically higher exchange rate of the dollar, only compounded the problems of the agricultural sector and nullified the administration's attempts to minimize budget expenditures on agriculture and increase exports.

The decline of domestic grain prices (the prices of wheat, corn, sorghum and soybeans in 1985 were equivalent only to 82, 85, 84 and 78 percent of the 1981 prices respectively)² with a simultaneous rise in the main costs of agricultural production led to the substantial reduction of farmer income. For example, net annual farmer income, calculated in 1972 prices, declined from an average of 16.1 billion dollars in 1978-1981 to 11.5 billion in 1982-1984. In 1985 the net income of farmers in current prices was 27 percent below the previous year's level. By 1983 the average farm family income was equivalent to only 76 percent of the average non-farming family income, and 21 percent of all farm families had an income below the official "poverty line."³

In the first year the 1981 act was in force, the debts of farmers increased by 15 billion dollars, and in subsequent years the accumulated farm debt stayed at around 212-216 billion dollars.⁴ Interest payments alone now represent around one-fifth of all of the production and non-production expenditures of American farmers.⁵

The financial vise had the firmest grip on the laboring segment of the U.S. agrarian sector--the owners of so-called "family" farms, which now represent around 25 percent of all American farms and produce around 40 percent of the commercial agricultural product.⁶ Bankruptcies and foreclosures became as frightening a reality for farmers in the first half of the 1980's as in the economic crisis of 1929-1933. At the beginning of 1985, then Secretary of Agriculture J. Block admitted that 5 percent of all American farms were facing complete ruin. According to the estimates of spokesmen of farm organizations, however, the figure was 10 or 15 percent.⁷

The value of American agricultural exports began to decline in 1982 and had fallen to 29 billion dollars in 1985, or more than 30 percent below the record level of 1981; the positive balance in agricultural trade decreased during this period from 26.6 billion dollars to 9.1 billion.⁸

As for the attempts to economize on federal budget expenditures on agricultural programs, when agricultural prices declined and the sale of agricultural products became increasingly difficult from 1981 to 1985, the budget expenditures made in line with the earlier mechanism of state agricultural regulation were four times as great as they had been under the Carter Administration. By fiscal year 1983, federal expenditures on farm programs exceeded 20 billion dollars.⁹

How does the administration hope to correct this situation? The Food Security Act of 1985 is intended to remain in force for 5 years. Its main provisions envisage the regulation of the volume and structure of agricultural production through the following channels: the regulation of the prices of the main farm products (wheat, fodder grain, soybeans and cotton), the conservation of land resources, the regulation of milk production and the stimulation of agricultural exports (mainly grain).

THE REGULATION OF PRICES is to be accomplished with programs of farmer income and price supports.

Government programs of grain and cotton price supports are geared more than ever before to market factors. These programs, just as earlier ones, are based on the extension of short-term government credit to farmers through the Commodity Credit Corporation (CCC) of the U.S. Department of Agriculture. The credit, or so-called no-call loans, is extended to farmers with the use of their crops as collateral. The crops are then stored in government warehouses. In accordance with the earlier law, Congress annually set minimum loan rates, which changed from year to year in an extremely inflexible manner, having almost no connection with market prices. In the new act they are much lower, and subsequent changes will be coordinated closely with changes in average market prices.

Beginning in 1987 the rates will be set at 75-85 percent (for wheat and fodder grain) and 85 percent (for cotton and rice) of the average market price for the last 5 years, with the exception of the 2 years when the price reached its highest and lowest points. The reduction of rates cannot exceed 5 percent a year.¹⁰ After the rates for each product have been calculated in this manner, the secretary of agriculture is empowered to reduce them by another 20 percent at his own discretion if, firstly, this is considered to be necessary to enhance the competitive potential of American grain in the world market or, secondly, market prices do not exceed the previous year's rates by 10 percent. The regulation of payments on CCC credit will also undergo changes. In particular, by a decision of the secretary of agriculture, the rate of interest on this credit can be reduced by around a third.

The program of farmer income supports is supposed to compensate for the decline which is expected to result from the lower price supports. It will be carried out with the aid of price controls and compensation payments.

Price controls are set by the government for some crops with a view to their production costs and changes in these costs from year to year. If market prices fall below the controls, farmers will be paid the difference between them (compensation). The size of the compensation payment cannot, however, exceed the difference between price controls and the CCC loan rates for these crops. In this way, the government is insuring itself against the unlimited growth of payments in the event of an abrupt decline in prices by knowing the limits of these payments in advance. In accordance with the 1985 act, price controls will not change in the next 2 years (this was a negligible concession the administration made to farm groups). The gradual reduction of price controls will not begin until 1988.

This compensation has been made conditional upon participation by farmers in the PROGRAM OF PLANTING RESTRICTIONS. In contrast to the earlier law, the new act envisages minimum and maximum limits on sowing area, and links the program of grain planting restrictions with the size of government stocks of wheat and fodder grain, consisting mainly of the products accumulated by the CCC as a result of price supports. For example, planting will be restricted if government stocks of wheat exceed 27.2 million tons and stocks of corn

exceed 50.8 million tons. From 12.5 to 30 percent of the planting area will be left fallow, depending on the crops planted in these areas.¹¹ The "basic area" from which the required portion will be removed from production will be calculated for each farmer as the average planting area for the last 5 years (excluding 2 years, as in the previous case). Wheat planting is to be reduced by 25 percent and fodder grain planting is to be reduced by 20 percent in 1986.

The program of soybean production regulation is discussed in a separate point of the 1985 act, just as it was in the earlier one. Soybeans, just as corn, are a major American crop (in terms of the value of the product) and a major (surpassed only by grain) American agricultural export item. The rate at which CCC credit to soybean farmers is calculated has traditionally been geared to the market price. The new act will make only insignificant changes in these rates. The maximum stimulation of soybean production in the postwar period meant that the government did not restrict planting. The new act also does not envisage any restrictions of this kind and, consequently, an income support program for soybean farmers.

Along with annually set limits on plantings of different crops, the new act envisages several long-range LAND CONSERVATION measures for the first time since 1956. These have a dual purpose: to guard against erosion and to reduce the output of agricultural products. The 1985 act specifically stipulates that farmers who do not conserve land will be ineligible for any program of financial support from the government. The amount of land to be left fallow for conservation and soil protection purposes will reach 16-18 million hectares by fiscal year 1991.

The 1985 act envisages significant changes in the REGULATION OF DAIRY FARMING. Chronic overproduction has been characteristic of this branch of U.S. agriculture for several years, and it is therefore among the branches with the greatest need for government support. In contrast to the price supports for grain, the price of milk will be regulated by means of government purchases of dairy products (cheese and butter) from producers.

Supply has been far in excess of demand in the American dairy product market since the beginning of this decade, and the government purchase prices set in the 1970's are consequently much higher than today's market prices. The new act envisages measures to balance supply and demand. A program of "voluntary" dairy herd reduction will begin to be carried out in 1986, will take a year and a half and will be financed essentially by the farmers themselves. A special tax on each ton of milk they produce will be levied for this purpose. The funds collected will be used for government purchases of dairy cattle from farmers and the subsequent slaughter of the cattle. The meat will then be used for food assistance programs within the country and abroad.

The 1985 act concentrates much more on the STIMULATION OF AGRICULTURAL EXPORTS. The government intends to take several measures to maintain the competitive potential of American goods abroad, to fight trade rivals and to develop export markets. First of all, the secretary of agriculture is empowered to issue farmers special certificates for the export of grain held

as collateral by the CCC. The amount each farmer can export with a certificate will depend on the amount of grain he has planted. By granting farmers an additional quantity of grain for export on preferential terms, the government hopes to compensate for the losses they would incur if they sold their products on the world market at lower prices than on the American market. Secondly, farmers will receive 2 billion dollars' worth of agricultural products from government stocks for free in 1986-1988. Thirdly, the program of export credit will be expanded. For example, there will be guarantees on short-term export credit (from 6 months to 3 years) for a total of at least 5 billion dollars a year in 1986-1988. Besides this, guarantees of medium-term loans (from 3 to 10 years) will total at least 500 million dollars a year in 1986-1988 and a billion in 1989.¹²

The combination of these measures to stimulate exports and the government policy of equalizing domestic prices with world market prices essentially means that the United States is declaring "trade war" on its competitors. No other country, with the possible exception of the EEC bloc, has enough financial potential to take the appropriate countermeasures.

At present, while the new act is still in its initial stages, it is difficult to say whether it will help to solve the problems that were mentioned during its discussion and ratification. Some of its implications, however, are already acquiring distinct outlines.

For example, there is no doubt that the lower loan rates in the act will lead to a further decline in agricultural prices. According to the forecasts of BUSINESS WEEK, there will already be a decrease of 12 percent in the price of wheat and 6 percent in the price of corn in 1986. As a result, the net income of farmers will be reduced by 2-4 billion dollars, which will cause the ruin of thousands of additional family farms. Around 7 percent of all the farms in America today are expected to go bankrupt in 1986.¹³ By 1988-1989 the level of farm income could be 18-22 percent lower than the 1985 level.¹⁴

It is unlikely that the American administration's wish for the considerable expansion of exports will come true. Even optimists estimate that a possible increase of 25 percent in the physical volume of exports in 1986-1989 as a result of lower agricultural prices will increase their value by only 6 percent.¹⁵

The new act will probably have extremely contradictory effects on milk production. First of all, lower grain prices are expected to serve as an important stimulus of the expansion of this production; secondly, there could be a dramatic increase in yield, because the government program for "buying up" the dairy herd will eliminate the least productive dairy farms. The program presupposes a reduction of 2.3-27 million tons in the output of milk by 1987. According to some estimates, however, the remaining producers will increase the output of dairy products by 1-1.5 million tons during the same period, and the level of milk production in 1988-1989 will therefore be 8-9 percent above the 1985 level.¹⁶

The retention of the earlier price controls for the next 2 years is expected to require (given the simultaneous decline of loan rates and market prices)

huge government expenditures on various farm commodity programs. Budget expenditures in the next 3 years could reach 80 billion dollars.¹⁷

The Gramm-Rudman-Hollings Act passed by the U.S. Congress at the end of 1985, however, allows cuts in various government programs to reduce the federal budget deficit. Agricultural programs are among the first in line for these cuts. Therefore, farmers' worries about the prospect of the "early" loss of the government concessions stipulated in the 1985 act, especially compensation payments, are completely justified.

The curtailment of government programs of agricultural price supports under the conditions of the capitalist market will lead unavoidably to fierce competition, which, according to the plans of the authors of this act, should stimulate the further modernization of farms and the continuous acquisition of new technical equipment.

The Food Security Act of 1985 reflects the Reagan Administration's unyielding approach to "family" farms and could crowd them out of agriculture completely by concentrating food production in the hands of big agribusiness and financial bigwigs far removed from agriculture (land banks, insurance companies, etc.). Consumers will also lose, because they will eventually have to deal with the monopolist rise of food prices.

FOOTNOTES

1. For more about the workings of government agricultural programs, see V. A. Andriyevskaya, "Osnovnyye formy gosudarstvenno-monopolisticheskogo kapitalizma v selskom khozyaystve SShA" [Basic Forms of State-Monopolist Capitalism in U.S. Agriculture], Moscow, 1970; "SShA: gosudarstvo i ekonomika" [United States: The State and the Economy], edited by Yu. I. Bobrakov and V. A. Fedorovich, Moscow, 1976, pp 427-475.
2. AGRICULTURAL OUTLOOK, December 1984, p 36; March 1986, p 36.
3. ECONOMIC INDICATORS OF THE FARM SECTOR (Farm Sector Review 1984), December 1985, p 2; BUSINESS WEEK, 13 January 1986; FEEDSTUFFS, 20 January 1986, p 21.
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5. AGRICULTURAL INFORMATION BULLETIN (Financial Characteristics of U.S. Farms), January 1985, p 1.
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7. THE NEW YORK TIMES, 22 February 1985.

8. "U.S. Foreign Agricultural Trade Statistical Report. Fiscal Year 1981," Wash., 1982, p 1; AGRICULTURAL OUTLOOK, March 1986, pp 50, 51.
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10. AGRICULTURAL OUTLOOK, March 1986, pp 26-28.
11. Ibid.
12. Ibid.
13. BUSINESS WEEK, 13 January 1986, pp 49, 55.
14. FEEDSTUFFS, 24 February 1986, pp 7, 36; 17 March 1986, p 6.
15. Ibid.
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ADVANCES IN COMPUTERS, ELECTRONICS APPLIED TO MERCHANDISING

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[Article by A. D. Yakovich: "Trade Without Stores"]

[Text] A form of shopping in which the customer learns about products for sale, chooses items and buys them, without leaving his own home, has been made possible by the development of electronic equipment. This form of shopping is now in its initial stage. What is more, it is primarily trade in nonfood consumer goods. In principle, the advantages of this kind of trade are self-evident: There is no need to spend money on the construction of stores of the traditional type, fewer trade personnel are required, customers save time, and most of the problems connected with the theft and embezzlement of goods from shopping areas and warehouses are eliminated. "Electronic shopping" can enlarge the service zone of trade firms considerably. For example, Galt Toys has only two stores, and both are located in shopping centers in Miami, Florida. After subscribing to one of the "videotext" information retrieval systems (they will be discussed in detail below), it began receiving orders from new customers in other cities.

Trade without stores is distinguished by other important advantages. For example, in comparison with traditional forms, it requires a much smaller investment and has much lower overhead costs, and is therefore more profitable. Its average gross profit (before taxes) on sales of nonfood consumer items is 10 percent of total turnover, for example, whereas the indicator in traditional stores does not exceed 6 percent.¹ It is more convenient for customers: They can see the assortment of goods, choose items and order them without leaving their homes. This is particularly convenient for such groups as the disabled, the ill, the elderly, and mothers of infants or of large families. For them, this is not only an additional service, but also an effective solution to some difficult family problems.

Now that the companies manufacturing consumer goods are more likely to open their own stores to avoid wholesaler and retailer middlemen and thereby increase their profits, home shopping can offer many advantages. American marketing experts have had much to say about this.

When experts list the advantages of trade based on electronic video equipment, they mention the possibility of the effective and attractive display of items

on the screens of television sets, personal computers or other terminals. They stress that the clothes in a store look neat and stylish on hangers and mannequins, but this cannot be said of most of the items of apparel piled on counters and shelves (nightgowns, underwear, scarves, etc.). The videocatalogue is a better way of displaying all types of apparel.

In the home shopping network, prices in certain regions or throughout the nation can be changed easily and at minimal cost. In addition, trade service zones grow rapidly. For example, the VIEWTRON system operated only in Miami, where it had 5,000 subscribers, in its first year, but it will spread to 28 large cities and regions, including Chicago and Los Angeles, in the next 4 or 5 years.²

It is true that home shopping can also be accomplished successfully with the aid of traditional technical equipment, such as the telephone. The future, however, probably belongs to electronics.

In October 1981 the Direct Mail-Marketing Association (DMMA) in the United States dedicated its 64th annual conference in Atlanta (Georgia) to the stores of the future. These were not new types of department stores, but...ordinary homes. Seated in his armchair at home, the customer can see pictures of various items on the screen of his television set, personal computer or other home display unit by entering the codes of different stores, trade firms or specialized trade organizations, and then the codes of the items. In a sense, he can "take a stroll" around the showrooms and see various items of clothing on mannequins, kitchen appliances in action, furniture in decorated interiors, etc. Using the same console, he can order the item, and even pay for it in some cases.

All of the necessary electronic equipment for this form of trade already exists. From the technical and organizational standpoint, the delivery of items to the customer and billing are more complicated procedures.

As far as the latter is concerned, one method of payment involves the use of a credit card, which the customer inserts in the card slot of the home terminal.³ The subscriber's solvency is automatically verified by the computer. If the information is positive, the computer takes the order, prints up order forms and shipping labels, authorizes the shipment, prints the account statement and sends it to the customer.

The board of the DMMA requested its members to make active use of the cable television system of two-way services. In 1981 there were 21 million subscribers to various cable TV systems in the United States—that is, approximately 25 percent of all American families. The indicator is expected to rise to 50 percent by the end of the 1980's.⁴

Several information retrieval services of the "videotext" type have been developed and are operating on cable television. Their subscribers can ask the system questions 24 hours a day. For example, some of the things they can call up on the TV screen are train and airline schedules, weather forecasts, the latest news, travel itineraries, etc. These services allow their

subscribers to stay home while they conduct transactions in banks and other savings and loan institutions, teach themselves with the aid of educational videotapes and movies, play video games and use the electronic mail--that is, communicate with friends and with firms and organizations hooked up to the system and consult the databases of other systems.

"Videotext" is regarded as an excellent foundation for the development of electronic trade. First of all, the subscribers already have some kind of terminal at home. Secondly, experience and special studies have indicated that the subscribers quite eagerly and frequently request information about goods and services, make purchases and order various types of services. According to one of these studies (1980), 68 percent of the users of "videotext" services ordered items, and the size of the average order was 62 dollars. In 1983, 200 subscribers were surveyed in Ridgewood, New Jersey: 42 percent had ordered items, and the average price paid for items was 32 dollars.⁵

The survey indicated that subscribers are more likely to use the system to acquire information about items than to buy them. Sometimes they order them immediately, but in most cases they go to the store to take a closer look at the item. Of course, this mainly applies to expensive items. Therefore, experts believe that the "videotext" systems represent an extremely economical and effective medium of extended advertising and information.

The idea of the "home store," as this method is also called, is being developed in several ways. For example, some cable TV companies have begun showing weekly programs lasting from 30 minutes to an hour, allowing manufacturing firms and merchandising companies to display their goods and advise customers to buy them.

The Modern Satellite Network in New York broadcasts a daily half-hour show on cable channels with the aid of communication satellites. It is a nationwide broadcast. In just under 2 years it has had 125 advertisers, including large and well-known companies.

The advertiser submits informational materials for from 5 to 30 minutes of air time. Each show is edited and produced by the company itself, but by agreement with the client. The "Home Shopping Show"--this is the name of the program--gives customers free information over the telephone. Interested customers can obtain any additional information about the items shown on the program.

The display of goods on television offers qualitatively new opportunities in comparison with the traditional printed catalogue, because the items can be demonstrated in a store showroom. For example, the Hagger firm showed a washable suit on cable television: It was stained with ketchup and mustard, dipped into a washing machine, and then shown again, spotlessly clean, on a model. The clerks selling technically complex items in a store often make mistakes and cannot give customers accurate and complete answers to their questions. On cable television this is done by qualified specialists; their audience consists of millions of potential customers.

The "Home Shopping Show" is on the air 5 times a week. When ratings were calculated in 1981, it was watched by 500,000 subscribers--around 2 million people, because there are several viewers in each family. By now the potential audience of such shows has multiplied.

Store catalogues are videotaped for cable broadcasts. The Sears, Roebuck company was the first to experiment with the taping of its summer 1981 catalogue. Other well-known retail firms have conducted similar experiments. In the future, customers will be able to request a televised image of any page from the hundreds of catalogues of the dozens of companies included in a system.

The Comp-U-Card system is owned by Comp-U-Card of America, with its main office in Stamford, Connecticut. This firm is a branch of the Times-Mirror Corporation. This is how the system works: Interface consoles with keyboards are installed along with television sets in the homes of subscribers (many states are now included in the network). If the user wants information about an item, he enters the appropriate request with the aid of the keyboard. A printed instruction booklet tells him how to make requests. Let us assume, for example, that the user intends to buy a television set and asks what sets are being sold. The computer immediately asks a series of clarifying questions about price, screen size, etc. The user answers the questions. At the end of this clarifying dialogue, the computer screen lists the available models meeting the user's specifications. There is a detailed description of each model and, of course, its price.

The customer then pushes a button to indicate which item he wants to order. He can, however, simply request information about the item. Various methods of payment are then listed on the screen (there are around 10, including postal and telegraph orders, various forms of installment credit, etc.). The customer chooses a suitable mode of payment and then indicates this choice and the delivery address. The Comp-U-Card user pays a certain fee for access to the system.

Comp-U-Card has a serious shortcoming, however: What the user sees on the screen are only letters, numerals and the simplest diagrams; he does not see color or even black-and-white photographs of the item or a filmed demonstration. This is technically possible, but it would require the installation of complex and costly equipment in the home. The system's membership booths in several stores have this equipment. These are terminals for public use. The gradually declining prices of electronic equipment have given rise to plans for its installation in the user's home.

The Viewdata Corporation of America, an affiliate of Knight-Ridder Newspapers, operates the VIEWTRON system. Its terminals were installed in the homes of around 5,000 subscribers in southern Florida in 1983. The firm owning the system uses the Septa terminals developed by AT&T, offering them to subscribers on the following terms: The user pays an initial fee of 600 dollars and then pays 12 dollars a month for access to the system; besides this, the use of telephone transmission lines costs another 14 dollars a month.

The compact push-button terminal is used with an ordinary television set and resembles a pocket calculator. It fits into the palm of the hand. By pushing the right button or combination of buttons, the user can call up the ads of certain firms on the screen of the TV set. In this way, he can compare the products and prices in the ads of different supermarkets and department stores; after making his selection, the user can request home delivery. In the same way, he can obtain information about the menus of different restaurants and about theater listings and concert schedules.

This system also uses telephone lines of communication and therefore has no moving images, and the static images are of poor quality. There is no sound accompanying the images. The system does, however, have a huge database: It is equivalent to approximately 18,000 pages of concise text, containing brief descriptions of items, their main features, prices, operating instructions, etc. The VIEWTRON system's list of advertisers includes giant companies, particularly Sears, Roebuck.⁶

The "Electronic Mall," or electronic shopping center, is a new electronic trade enterprise based on the "videotext" type of commercial information retrieval service. It has been jointly operated by the CompuServe and Berry firms since the beginning of 1984. Any owner of a personal computer or other electronic home terminal can become a user of the system. He can "visit" this trade enterprise at any hour without leaving his home by viewing printed descriptions and graphic illustrations of items on the screen of his machine.

By the beginning of 1985 the "Electronic Mall" had 160,000 members and 35 advertisers. The range of "Electronic Mall" goods includes phonograph records and videotapes, automobiles and spare parts for them, home electronics, cameras and photographic equipment, books and magazines, farming and gardening tools and a variety of other nonfood consumer goods. Besides this, the system can be used for banking transactions, for travel agency and reservation services, etc. In all, this electronic shopping center offers 11 categories of goods and services.

The "Electronic Mall" subscriber does not necessarily have to own a personal computer. He can use a keyboard attachment to an ordinary TV set, a display unit with keyboard input and screen output or any other terminal. What is essential, however, is a modem (modulator-demodulator), an instrument securing the transmission of information to the subscriber's equipment from the computer of the merchandising firm or its branches. Besides this, there is another restriction: The "Electronic Mall" can only be used by subscribers to the CompuServe Information Service, a commercial information retrieval system. In the future, subscribers to other videotext services should augment the number of "Electronic Mall" customers.

The users of the CompuServe Information Service pay an initial fee (from 20 to 40 dollars), and then pay an hourly fee (6-12 dollars), with the rate varying according to the time of day they use the computer. This gives the subscribers the right to use all of the services offered by the system. Therefore, there is no additional charge for the use of the "Electronic Mall."

The firms offering goods and services, however, must pay an annual fee and a small additional fee for each 1,000 requests for information. This fee is charged even when the subscriber does not order or buy anything. When a merchandising firm enters the "Electronic Mall" system, it submits a complete written description (with illustrations, if necessary) of each item it plans to sell through the electronic shopping center. All of this information is entered in database storage devices. All changes, additions and exceptions to these descriptions are transmitted by electronic mail to the "Electronic Mall."

The Nielsen transnational research company conducted a 4-month study of the demographic characteristics of "Electronic Mall" customers and of this enterprise's sales of goods and services. According to the study, the average family acquiring goods and services from the mall consists of 3.1 members, and the typical head of the family "patronizing" it is a 35-year-old male.

During the 4 months--that is, during the period covered by the study--537,000 requests for information were made. Around 25 percent of the subscribers took three or more "trips" to the electronic enterprise. The Nielsen company also learned that 2.1 percent of the "trips" resulted in purchases of goods or services for an average of 45 dollars.

At the time of the study, 150,000 families were using the "Electronic Mall," but the CompuServe company maintains that 8 million families with personal computers are potential customers. Approximately 1.5 million American families already have PC's with modems. The average annual increase in modem sales up to 1988 will be 40 percent, according to Future Computing, a market research firm.⁷

The discussion above applied to systems with home terminals, but terminals for public use can also be employed for product display, selection and orders. The McKesson corporation has founded two subsidiaries--Buy Video and Compufill--with electronic terminals for public use in shopping centers and other suitable locations, such as hotels and administrative buildings. The terminals resemble small booths. Information about products (over 450 items) is recorded on laser-read videodisks and is called up on the screen at the customer's request. The Buy Video booths are equipped with a credit-card reading device, with instantaneous computer verification. The owner of a valid credit card can order goods on the spot.

At the beginning of 1984 the Buy Video firm was operating 100 such booths in Oakland (near San Francisco), and half of them were installed in stores. Between November 1983 and February 1984, customers conducted a dialogue with the computer through these terminals 92,000 times.

The Comp-U-Card company is also developing a network of electronic shopping kiosk terminals through its subsidiary, Comp-U-Store. The first group of kiosks began operating in 1984. The information is also on disks, but the range of goods is much broader than Buy Video's--3,000-5,000 items. Besides this, the user has access to the Comp-U-Card database, with up to 60,000 items, although he can only request information about these items and cannot order them.

According to estimates, it will take 5-7 years to recoup the cost of establishing the electronic shopping systems. The figure will depend on market size. The speed and intensity of market growth, in turn, depends on the amount of advertising. According to one researcher, a system with a monthly fee of 25 dollars can control around 25 percent of its potential market within 10 years.

It has been said that the preliminary familiarization with products through the electronic shopping systems poses a threat to "impulse" buying, in which the store customer is influenced by the attractive and tempting appearance of an item to buy it immediately. Unplanned or impulse purchases represent a fairly high percentage of retail turnover. Besides this, electronic shoppers have a chance to compare the prices of the items of different firms in advance. This is obviously contrary to the interests of American merchandising firms using the traditional form of trade.

What do customers themselves think of home shopping? At the request of AT&T, experts from one U.S. university surveyed consumers to learn their views on telephone orders. Around 72 percent of the respondents plan to use this form of trade more often in the future, but only in addition to traditional purchases in stores; 83 percent feel that telephone orders are convenient for purchases from distant stores they rarely visit; 79 percent prefer to use the telephone to order items not requiring inspection or selection (sugar, cigarettes, flour, butter, soap, tooth paste, milk, etc.); 83 percent feel that telephone orders are convenient for the purchase of items they saw in a store but did not buy for some reason (for example, because they decided to consult other family members).

It should be noted that this was a study of regular telephone orders, and not of the use of electronic shopping systems. Experts feel that customer attitudes toward electronic shopping will be more positive: First of all, because it is much more convenient for the customer; secondly, because subscribers to these systems have already purchased or leased a terminal, paid a membership fee and intend to make use of all of the possibilities of the system.

There is another important factor in favor of the future intense development of electronic shopping. This is the increase in the number of working women and the lower standards of service in stores. It is also indicative that the leading U.S. retailers are taking a careful and serious look at the prospects for the development of electronic shopping. For example, such giant retailers as Sears, Roebuck and J. C. Penney are already engaged in financial participation in electronic shopping systems.

Experts believe that it will take longer than a year, and perhaps even longer than a decade, for these methods to occupy a leading place among other methods of retail trade. The majority agree that this kind of trade will be quite common in the future. Some experts feel that these new methods will quickly account for up to 10 percent of gross commodity turnover in the country; other estimates range from 3 to 20 percent.

It has been said that in the future the electronic shopping systems will compete less with stores than with mail-order firms and designer salons.

FOOTNOTES

1. CHAIN STORE AGE. GENERAL MERCHANDISE EDITION, April 1984, p 36.
2. Ibid., p 34.
3. SSHA: EPI, 1986, No 9, pp 85-92.
4. ADVERTISING AGE, 2 November 1981, p 6.
5. CHAIN STORE AGE. GENERAL MERCHANDISE EDITION, April 1984, p 36.
6. ADVERTISING AGE, 18 January 1982, p S-6.
7. CHAIN STORE AGE EXECUTIVE, March 1985, pp 111-112.

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BOOK ON GARY POWERS CASE DISCUSSED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 11, Nov 86
(signed to press 22 Oct 86) pp 97-101

[Review by L. S. Loseva of book "Mayday" by Michael R. Beschloss, Washington, Harper and Row, 1986: "The Lies and the Truth About Powers' Spy Flight"]

[Text] "Mayday," a book by M. Beschloss, has had noticeable repercussions in the United States. On the basis of recently declassified documents, interviews with influential officials from the Eisenhower Administration and the CIA, and their personal diaries and letters, the American historian reconstructs the events of 25 years ago, when F. Powers flew a Lockheed U-2 spy plane far within the borders of the Soviet Union. The author not only presents the exact chronology of events, but also reveals the psychological aspects of one of the most acute crises in American-Soviet relations in the "cold war" era.

The book says that this act of espionage, which was committed on 1 May 1960, just before the Soviet-American summit meeting scheduled for June, jettisoned the emerging possibilities for the normalization of bilateral relations for a long time. Beschloss' book sheds light on the means of Washington's "political concealment" of acts of espionage against the USSR and describes all of the subterfuges and lies to which the American leadership has resorted in an effort to justify its foreign policy adventurism.

Beschloss begins his book by reconstructing the political atmosphere in the world in connection with the emerging hope of ending the cold war. He says that the leaders of the Soviet Union, United States, Great Britain and France were supposed to meet in Paris on 16 May 1960. By this time, the parties had reached the point of concluding a partial nuclear test ban treaty. In an unofficial context, the author says, Eisenhower admitted that he was "fully determined" to achieve this. In a conversation with President Charles De Gaulle of France, he once remarked: "What a wonderful final act an East-West agreement would be for me."

Nevertheless, on 9 April the President authorized the U-2 plane's flight into the Soviet Union's air space. Then the CIA asked permission for another flight. Eisenhower approved it also, but said it would have to be done in the next 2 weeks, commenting: "I do not want that thing flying around up there

during the summit meeting." Snowstorms raged for the next 2 weeks, however, clouds covered most of the route over the Soviet Union, and intelligence asked for a few more days of grace. Eisenhower agreed, stipulating: "There must be no operation after 1 May."

The program of U-2 reconnaissance flights (July 1956) worried the President from the very beginning. He was afraid that the Russians might interpret these flights as the prelude to an American armed invasion. However, Deputy Director Bissell of the CIA, who had initiated the program, assured him that the flights were necessary, because the "black planes" gathered so much reliable intelligence information about the Soviet Union.

What motivated President Eisenhower to take such a risky step, and at such a crucial time for American-Soviet relations? The reply provided in the book is unequivocal: adventurism and the certainty of impunity.

According to M. Beschloss, Eisenhower's consent to the spy flight was motivated by the President's certainty that an accident would kill the pilot and thereby destroy the principal evidence. People in the CIA believed, the author writes, that the U-2 pilot had little chance of survival: The plane was so fragile that it would fall apart during a crash, and the ejected pilot would die at a high altitude. Besides this, an explosive device was placed behind the pilot's seat before each flight into the Soviet Union's air space. The pilot was told that, in an emergency, he should set off the device before pushing the eject button, and that he would have 70 seconds to get out of the plane before the explosion. Furthermore, the pilots of U-2 planes were advised, although not ordered, to "commit suicide rather than fall into the hands of the Russians."

The President's entire plan was based on the death of the pilot in the event of an accident. Excerpts from a previously unpublished CIA transcript only corroborate this. Later, in August 1964, when former President Eisenhower was putting the finishing touches on his memoirs, he called CIA Director J. McCone to learn all of the details of the U-2 incident.

"Eisenhower: As far as I remember...we had no fear that the pilot would be taken alive if the U-2 were to be shot down as a result of a hostile Soviet action.... The entire plan was based on the expectation that the pilot would not survive.

"McCone: I realize this, and I realized it then, but this was absolutely wrong....

"Eisenhower: I do not want to accuse anyone of deceiving me, but I remember that I was told: 'You have no reason to worry, General, everything will be fine because no one will be left there.'"

Powers' memoirs helped the author reconstruct the exact details of the flight itself, the pilot's equipment and his mental state and behavior at the time of the disaster. Here is what happened.

It was the morning of 1 May in South Asia. In a dark hangar in Peshawar at two in the morning, Francis Gary Powers began preparing for a 3,788-mile flight to Bodo (Norway). He would fly over the territory of the Soviet Union near the Urals. When he was putting on his flight suit, he was offered a silver dollar. At first glance, all that was different about the coin was an attached hook for a keychain. Inside, however, there was a tiny pin tipped with a lethal poison.

"At 5:20 in the morning Powers climbed into the cockpit with a pack of Kents in his pocket. To conceal his nationality, there were no markings on the black body of the plane or on the pilot's silver suit. The signal for takeoff came at 6:26. Powers closed the top of the cockpit. The ramp was removed. The engine roared and the plane soared into the air.... To the east lay China, shining with all the colors of the rainbow, and to the west lay Afghanistan, Iran and the Middle East, where it was still nighttime. In an instant the U-2 soared to an altitude of over 60,000 feet. Soaked with perspiration from the heat in Peshawar, Powers began to shiver. He turned on the autopilot and made an entry in the flight journal: 'Half-hour delay.' Within 60 minutes he had reached the border of the Soviet Union. To let his colleagues in Peshawar know, he clicked twice. Pakistan responded with one click, signaling: 'Proceed according to plan.'

"In his tightly fastened flight suit, alone over an unknown and dangerous land, Powers peered into the blue of the stratosphere, familiar only to a few pilots, periodically turning his camera equipment on and off. He flew over the Aral Sea north to Chelyabinsk. At that moment, as he later recalled, the nose of the plane suddenly pointed straight up and the autopilot was temporarily switched off. This was dangerous. Should he turn back? The plane was already 1,300 miles within the territory of the Soviet Union. He decided to fly on and complete his mission....

"The next objective was Sverdlovsk, which was guarded by then new Soviet missiles. Powers later said that at this time he turned on the camera and other equipment and made a 90-degree turn toward the southwestern outskirts of the city. He had already completed more than half of his mission. It was Sunday, 1:53 in the morning in Washington. In Moscow it was 8:53.

"He heard a hollow boom. The plane shook, and an orange flash lit up the cockpit and the sky. Thrown backward in his seat, Powers exclaimed: 'My God, they got me!' He grabbed the throttle with his left hand, keeping his right hand on the steering controls. The plane took a nosedive, and when the pilot pulled up on the stick, he realized that he had lost control of the plane. A powerful crash shook the plane and threw the pilot up in the air. The wings fell off. The fuselage was dropping quickly.

"Powers reached for the switches of the explosive device and then reconsidered: 'First I should assume the eject position.' The pilot was stretched out on his seat and was afraid that his legs would be torn off by the frame of the cockpit during eject. He managed to get both of his heels on the seat step, but he could not straighten his shoulders. He was on the verge of panic when he suddenly realized that he could simply climb out of the cockpit. Reaching up, he opened the top of the cabin and was pulled outside by the wind....

"The glass on his helmet froze. Attached to the plane by an oxygen hose, he tried to get back in to set off the explosive device, but could not overcome the force of gravity. Without reaching for the switches, Powers decided to save himself. The convulsive movements of his arms and legs had apparently broken the hose and he was suddenly set free.

"A white and orange parachute opened above his head. The pilot threw back the visor of his helmet, and fresh air filled his lungs. Pieces of the plane flew by. What about the silver dollar? He unscrewed the hook, threw away the two halves of the coin and put the tiny pin in his pocket, just in case. Descending quickly, he noticed that he was heading straight for a power line. Then he felt a strong blow as his head hit the hostile Soviet land."

The book contains an extremely interesting account of the White House's reactions to the news of the failure of the spy operation, and of the American leadership's attempts to conceal its involvement in the flight and then to justify its behavior.

"White House Chief of Staff Andrew Goodpastor," Beschloss writes, "was spending Sunday in Alexandria when he received a call from the CIA. Goodpastor called the President, who was flying a kite at Camp David, and reported the news Eisenhower had been so afraid of hearing since the very beginning of the U-2 flights: One of the spy planes on the western route was late and might have been shot down."

On Monday morning the President learned that the whereabouts of the U-2 pilot were still unknown. A CIA staffer brought him a corrected version of the authorizing document and explanation of the incident. According to this version, the pilot of a U-2 meteorological plane disappeared in Turkey after he made radio contact to report problems with the oxygen supply.

The President read the document (for many years some of his advisers would deny that he had ever read or approved it) and gave it to Goodpastor to send to NASA. In the CIA R. Bissell assured Allan Dulles and other high-level officials that there was no possibility that the U-2 pilot was still alive.

The Soviet side deliberately kept quiet about the survival of the American pilot. On 5 May a Soviet statement on U.S. aggressive actions against the Soviet Union was published. It said that the United States regularly sent planes into the air space of the USSR. In particular, a flight of this kind had been recorded on 9 April 1960.

Here is what happened in Washington at that time: Eisenhower invited high-level officials from the State Department, Defense Department and CIA to his office. Someone suggested an immediate denial. The President did not agree at first: In his opinion, the NASA report already said enough. Others present at the meeting believed, however, that silence would be interpreted as an admission that the Soviet accusations were true. Eisenhower gave in and asked acting Secretary of State Douglas Dillon to draft an official statement.

At 11:23 the President learned that the Soviet accusations had had tremendous repercussions. White House Press Secretary J. Hagerty urged the President to hold a press conference right away.

Beschloss writes that Goodpaster was apprehensive: If the American Government was going to resort to a deliberate lie, the President should be as far removed from it as possible. The U-2 flight program was so secret that Hagerty did not know anything about it. Even at this crucial time, as Goodpaster later recalled, he and Eisenhower did not tell the press secretary anything about the real reason for Powers' flight. This is why Hagerty continued to defend his own point of view. Eisenhower refused to talk to reporters, but agreed that the State Department and NASA should issue statements about the U-2 plane. Beschloss reconstructs the details:

"On the fifth floor of the State Department, Dillon held the receiver to his ear and took notes. He was talking to CIA Director Dulles. According to these two, the less said, the better. Dillon finished writing and gave the written statement to State Department spokesman White. He read the statement to the reporters. It said: 'The State Department has been informed by NASA that, as it reported on 3 May, a U-2 weather plane, based in Aden (Turkey) and flown by a civilian pilot, has been missing since 1 May....' The statement went on to say that, according to the Soviet report, 'an American plane was shot down over Soviet territory on that day. It is quite possible that this was the missing plane.'"

A decision was made to issue another statement on behalf of NASA, which the CIA had given detailed information about the U-2. NASA Director T. Glennon was advised to include some of Bissell's information in his written statement. This was done for a specific reason: Goodpaster felt that it would be better to distribute a written NASA statement than to "let the press loose on the officials of this agency."

Here is how this incident was described by NASA spokesman W. Bonin, who was asked to make the official statement on the basis of Bissell's information. Not wanting to lie to the reporters, who liked and trusted him, he read the following statement: "One of the U-2 research planes under NASA's jurisdiction, used since 1956 to study geometeorological conditions at high altitudes, has been missing since approximately 9:00 local time on Sunday, when the pilot reported problems with the oxygen supply as he was flying over Lake Van in Turkey. Scheduled length of flight--1,400 nautical miles. Flight time--3 hours 45 minutes. The pilot was heading northeast at last report. Maximum altitude of 45,000 feet. Purpose of flight: to collect information about atmospheric turbulence, clouds, wind rose, jet stream and such common phenomena as typhoons."

When Dillon read the NASA statement, he was horrified: "Saying something like this was completely insane, because we knew that the Russians would catch us in this lie." And that is precisely what happened. On 7 May the Soviet side directed attention to the official State Department statement containing a deliberate lie. It also reported that the pilot of the downed American plane was alive and was in Moscow. He had testified that during the flight he had

felt "neither nauseous nor dizzy," but these would have indicated the malfunctioning of the oxygen supply equipment. Following orders, he had adhered to his scheduled route, periodically turning a camera on and off, to spy on the Soviet Union, until the very instant when his piratical flight in the air space of the USSR was terminated by ABM forces. The pilot's statement and the espionage equipment discovered in the wreckage of the plane completely refuted the story about scientific research.

When the people in Washington heard that the pilot was still alive, the American rulers had to find another way of clearing themselves. Now Eisenhower knew that the Soviet side knew that his administration had authorized the violation of Soviet air space, was engaged in espionage and had made several false statements to the entire world.

The President had to make a choice: He could either pretend that the CIA and the Pentagon had sent the U-2 to Russia without his knowledge, or he could publicly admit that he had authorized the U-2 flight. This would be the first time in history that an American President would publicly admit that his government was engaged in espionage.

When it turned out that the espionage equipment and the U-2 pilot had survived the crash, Beschloss writes, Eisenhower and Secretary of State Christian Herter, who had just returned from Europe, had to decide whether they should "continue lying or tell the truth."

Herter proposed a statement that would be half true and half false. He advised an admission that the United States made spy flights along the Soviet border and that the U-2 had apparently flown into Soviet air space, but a denial that this intrusion was authorized by Washington. This would give the Russians satisfaction and would also vindicate the President.

When Eisenhower was informed of this in Gettysburg, he agreed that it was "worth a try." Soon after six o'clock in the evening, White read the new statement to reporters in the State Department.

Eisenhower then had to make another choice. "He was not disturbed by the prospect of telling a lie on behalf of his country," Beschloss writes, "but the President was afraid that the Russians might have incontrovertible evidence that the Mayday U-2 flight had been authorized by none other than himself. Then Eisenhower would have forever undermined the trust in him. All of his experience told him that the highest ranking official should assume full responsibility. Another lie would confirm that the President had no control over his own government and that a low-ranking American officer could start World War III."

The President made a decision: Secretary of State Herter should issue a new statement, admitting that the U-2 plane had made flights on orders from the President to collect necessary information about the Soviet defense industry and to protect the American nation from a surprise attack.

Even this time, however, Eisenhower was still not ready to tell the whole truth. The new statement did not contain all of the facts: It said that

although the President knew that the information was being collected by "unconventional and unorthodox" means, he had not been told all of the details of reconnaissance flights. Eisenhower did not want any direct connection between his reputation and the Mayday flight.

In May and June 1960 the Senate Foreign Relations Committee investigated the U-2 incident behind closed doors. R. Helms (later the director of the CIA) attended the hearings as the CIA censor. In an interview he granted Beschloss, which is quoted in the book, Helms said that Secretary of State Herter and other witnesses gave false testimony. He said that all of them lied, although they had sworn to tell "nothing but the truth." This was not the first time officials had perjured themselves to protect the President.

"But in fact," Beschloss writes, "Eisenhower personally sanctioned the flights from the very beginning. The flight maps were spread out on his desk and a CIA spokesman told him and the secretary of state why national security depended on a new flight over Soviet territory. After flights the photographs taken from the U-2's were frequently sent to the White House for the President's perusal."

In spite of all his objectivity, the author is nevertheless inclined to regard the events he describes as an isolated case, even though it did influence international affairs. Beschloss tries to assign the Soviet Union part of the blame for the subsequent crisis in Soviet-American relations and the breakdown of the Paris summit meeting and the talks on the partial nuclear test ban. Certain phrases stand out in the book: "Moscow presented a highly distorted account of the events.... The Russians exaggerated the U-2 incident beyond all reasonable bounds" and so forth. The facts presented in the book, however, speak for themselves. The U.S. administration, which sanctioned these reckless and irresponsible actions, is fully responsible for the events that followed them.

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U.S. BOOK ON PROBLEMS IN ARMS REDUCTION VERIFICATION

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(signed to press 22 Oct 86) pp 102-106

[Review by V. N. Krestyanov of book "Verification: How Much Is Enough?" by Allan S. Krass, London and Philadelphia, Taylor and Francis, 1985, X + 271 pages; passages rendered in all capital letters printed in boldface in source]

[Text] The problems of verifying the observance of arms limitation and reduction agreements are known to occupy an extremely important place in bilateral and multilateral talks. The American press has given all of the issues connected with verification extensive coverage. It must be said that much of this coverage has been intended to discredit the Soviet position on verification and undermine trust in the Soviet Union as a negotiating partner in arms limitation and reduction talks. The fact that these problems are complex from the political and purely technical standpoints has aided the campaign of misinformation and has made it easier to mislead the public.

This is why this book by Allan Krass, a physicist, scientologist, professor at Hampshire College in Amherst (Massachusetts) and chief analyst of the Union of Concerned Scientists, warrants special attention. This book informs readers of the actual technical possibilities of verification and the political problems connected with it, especially, as the author writes, in view of the "volume of secret technical information and tendentious rhetoric characteristic of political discussions in the sphere of arms reduction" (p 2).

Krass defines verification as "action to ascertain the observance of negotiated agreements by means of proof or information obtained by various technical or other stipulated means" (p 6). Stressing the need to distinguish between the process of verification and reconnaissance activity, the author points to the close organizational connection between them in the United States, where the functions of verification are the responsibility of the intelligence community and where the same national technical means (NTM) are used for verification and reconnaissance. It is therefore understandable that the U.S. intelligence agencies performing verification functions will not refrain from making use of "related" information.

The problem of the amount of verification has been the subject of heated disagreements in virtually all Soviet-American arms limitation talks, because

the United States is inclined to give the term verification an extremely broad interpretation. In connection with this, Krass says that "verification consists of legal and correct forms of intelligence activity conducted specifically with the aim of ascertaining the observance of existing treaties and agreements" (p 7). This means that the obligation not to create obstacles for NTM applies only to the information and the parameters needed for verification purposes.

The author discusses the technical aspects of verification in detail--methods and existing NTM. He also describes certain systems and instruments and discusses the physico-technical principles of their operation, revealing the existing and potential capabilities of observation and information processing and analysis equipment. He pays special attention to reconnaissance satellites. Modern satellites not only have high resolution photographic equipment, allowing them to detect, identify and describe objects exceeding 10 centimeters in dimension, but also have highly sensitive infrared sensors and instruments to monitor the entire electromagnetic spectrum from long radiowaves to gamma rays. Satellites with the most diverse orbits are used for verification, from elliptical orbits with a maximum altitude of 130-140 kilometers (for photo-reconnaissance) to geocentric orbits at an altitude of around 36,000 kilometers, used to monitor missile launchings and obtain telemetric data, as well as satellites in a circular orbit at an altitude of 115,000 kilometers for the monitoring of nuclear explosions. Other satellites orbiting at different altitudes are used for electronic surveillance, the interception of telemetric data, the detection of nuclear explosions and other verification functions.

An analysis of the verification possibilities established by the development of artificial satellites with state-of-the-art systems for the detection of the greatest variety of objects proves that the changes that have taken place in the sphere of detection--visual and auditory--have not been merely quantitative, but also represent dramatic qualitative advances.

Following a detailed discussion of other methods and means of verification, particularly the methods of radioelectronic surveillance, used to monitor radio relay stations on land, ships, satellites and aircraft, methods and means of monitoring nuclear explosions, including underground ones, the IAEA safeguards and methods of verification and the methods of verifying the observance of the ban on biological and chemical arms production, the author asks how reliable the existing means and methods of verification are. He then provides a completely accurate answer: "There is no doubt that all of these methods combined make up a highly reliable mechanism of verifying the observance of arms limitation agreements" (p 100); "we can definitely say that, from the purely technical standpoint, the limitation or prohibition of many extremely important weapons systems can be verified with a high degree of reliability" (p 103); "a total nuclear test ban could be verifiable with a high degree of reliability to an extremely low yield (1 kiloton)" (p 103).

The author also stresses, however, that the appearance of new weapons systems will create different, frequently insoluble problems in the sphere of verification. For example, the cruise missiles on submarines and dual-purpose weapons systems cannot be verified by any means other than on-site inspection.

But even this kind of inspection, in the author's opinion, cannot fully guarantee successful verification.

This conclusion warrants the most serious consideration. The attitude toward new weapons systems, creating significant and often insurmountable difficulties in verification, is the litmus test of the attitude of states toward verification and the entire process of arms limitation. The U.S. position on sea- and land-based strategic cruise missiles graphically proves the falseness of the Washington administration's pompous statements about "strict control." Washington is not even paying any attention to the fact that military advantages can be temporary, while the loss of fundamental political positions is a long-term factor.

After examining the technical aspects of verification, the author concludes that this is primarily a political problem, and that political considerations have assigned it its place in the disarmament process.

The Soviet position on verification was set forth at the 27th CPSU Congress: "The USSR is open to verification. We are just as interested in it as others. The strictest possible system of comprehensive verification is probably the most important element of the disarmament process. The crux of the matter, in our opinion, is that DISARMAMENT IS IMPOSSIBLE WITHOUT VERIFICATION, BUT VERIFICATION WITHOUT DISARMAMENT IS ALSO MEANINGLESS."*

A USSR-U.S. statement stipulating this principle for disarmament talks was signed in 1961. What the United States did, however, was to assign priority to verification rather than to disarmament. Unjustifiably high verification requirements were set, and obviously unacceptable measures were often proposed, to undermine the conclusion of a disarmament agreement. Krass says this about the difference in approaches to verification and disarmament: "The Soviet Union prefers to begin by choosing the desirable destination and then seek the best way of getting there, while the United States proposes that all roads be checked out before a decision is made on where it could and should go" (p 119).

The problem here is not the ordering of priorities, as long as the two issues are resolved in combination and as long as verification measures correspond to disarmament measures, but the U.S. attempts to force the Soviet Union to agree to a volume of verification that would not correspond to arms limitation measures.

What volume of verification would be commensurate with disarmament measures? Krass recalls that President Nixon, in his instructions to the U.S. SALT I delegation, insisted on "adequately verifiable" agreements.

The Reagan Administration, however, is demanding "effective," and not "adequate," verification. This change in terminology is not the result of semantic considerations, but of political motives, of the desire to take a tougher stand on verification and thereby complicate the negotiation of agreements. E. Rostow, the first director of the Arms Control and Disarmament Agency in the Reagan Administration, said: "We must strive for the kind of verification provisions that will not only secure the timely detection of real threats to our security

* "Materials of the 27th CPSU Congress," Moscow, 1986, p 67.

as a result of possible violations, but will also limit the probability of obscure situations" (p 145). What does limiting the probability of obscure situations mean? The supporters of this approach believe that the United States "needs positive assurance that an agreement is being observed, and not just the negative assurance that no significant violations have been discovered" (p 145). But since the USSR is always presumed guilty by the United States, it is completely obvious that it does not even want "positive assurance." All of this insincere reasoning has the aim of creating a deadlock in the discussion of verification issues.

But if "absolute" verification is impossible, then what level of uncertainty is acceptable? Only a comparison of the risk of possible violations to the overall benefits of agreements can provide the answer. And in view of the Soviet Union's real interest in continuing and intensifying the disarmament process, the risk--at least for the United States--is minimal.

It is true that moments of uncertainty can arise during the verification process, violations of agreements can be suspected, etc. But the two sides have a special mechanism to settle these matters--direct consultations through diplomatic channels and the exchange of information. The Standing Consultative Commission set up specifically to discuss matters connected with the observance of SALT agreements proved effective in resolving several important disputes. Finally, on-site inspections have been the stumbling-block in many talks. The American propaganda machine has made active use of the issue of on-site inspections to "prove" the thesis that the Soviet Union is supposedly opposed to verification and therefore cannot be trusted. For example, U.S. Secretary of Defense C. Weinberger said: "We need much better methods of verification than we had in the past. We need on-site verification, which we have always suggested and the Soviet Union has always rejected" (pp 212-213). But the author writes that when these on-site inspections are proposed, no one takes the trouble to analyze just how the proposals can be implemented. "Without this kind of analysis, a proposal is essentially meaningless, is merely an attempt to gain the upper hand in the propaganda battle" (p 213). Krass feels that the latest U.S. proposals on the prohibition of chemical weapons are an example of this kind of meaningless statement. According to these proposals, only enterprises owned by the government or working on government contracts would be subject to compulsory on-site inspections. This would exempt the majority of U.S. chemical enterprises from inspections and would make the entire chemical industry in the USSR subject to them.

Another example is the U.S. position at the talks on the total nuclear test ban. Ever since the end of the 1950's it has been stating its willingness to prohibit these tests if the Soviet Union agrees to on-site inspections. As soon as the USSR consented, however, it turned out that the inspection issue was simply the pretext for a U.S. refusal to ban nuclear tests.*

* We should recall that the first experiment with this kind of on-site inspection was already conducted in the USSR in July 1986. Scientists from both countries were able to see American seismic instruments record the latest U.S. nuclear test in Nevada, while the Soviet Union is still observing its declared moratorium on these tests.

In an analysis of the legal, technical and political aspects of inspections, Krass writes that regular inspections would not entail any difficulties in principle. Difficulties would arise in connection with the establishment of obligatory surprise inspections. The fact is that, from the standpoint of control, these inspections would add relatively little to the information obtained by NTM, but they would create many legal and technical problems. These problems could be solved, however, if a political solution could be found. "On-site inspections, the mechanism for the creation of maximum trust, require a relatively high level of mutual trust for their acceptance.... As these inspections become increasingly feasible, they also become less necessary" (p 218).

Some facts about the connection between on-site inspections and practical steps to limit arms should be added to Krass' analysis. As the most critical form of control, on-site inspections could crown the arms limitation process and serve as a guarantee of the complete renunciation of a particular type of military activity or weapons system. For example, the Soviet Union would agree to on-site inspections of a total nuclear test ban, a total ban on chemical weapons and, on equal terms with the United States, a total refusal to develop space strike weapons.

Arms limitation and the verification of the observance of agreements are closely related to the issue of trust. The United States is distinguished by a negative approach to this issue. It believes that verification should be based on mistrust. "The United States has no a priori confidence (in the observance of agreements), and it must be created by accumulating proof of observance, whereas the USSR presupposes an initial state of confidence, which could be diminished by proof of non-observance" (p 161). Of course, the Soviet approach to the issue of trust is more natural and more logical because it proceeds from the assumption that states sign treaties with the intention of observing them. The Soviet Union believes that arms reduction would reduce the danger of war, increase the security of states and international security, and normalize the international situation, which, in turn, would increase trust between states and offer new opportunities for the further reduction of armed forces and arms. Morbid suspicion is not characteristic of the healthy organism or the healthy international community.

A thorough analysis of verification problems leads A. Krass to the following conclusions: Existing verification potential provides for the adequate control of the observance of existing and future agreements on arms reduction, including SALT I and SALT II, a total nuclear test ban, a ban on antisatellite weapons, the reduction of armed forces in Europe and other, even more comprehensive and significant reductions--all of this can be verified; the adequacy of verification must be measured by the possibility of the timely discovery of violations that are important from the military standpoint; verification is a joint process, and the possibilities for consultation and cooperation by the sides should be maximized. The on-site inspection is one form of this cooperation, but its importance should not be overestimated. It is wrong to insist on forms of inspection which infringe upon significant aspects of national sovereignty; the modernization of weapons systems, particularly the miniaturization of nuclear weapons and their carriers, and the mobility of

delivery vehicles could make the verification of new systems impossible. Cruise missiles, antisatellite weapons launched from fighter planes, dual-purpose systems and binary weapons are particularly dangerous in this respect. The control of these weapons will be exceptionally difficult, if not impossible. For this reason, the testing of such systems must be prohibited.

A. Krass also arrives at another important conclusion: Verification will always be conducted in an atmosphere of pronounced secrecy, which will be due, first of all, to the close connection between verification and intelligence and, secondly, to the fact that uncertainty about the verification potential of the other side will serve as an additional restraint on the possible violator. But this secrecy will deprive the public of reliable information about the actual possibilities of verification and about the observance of treaties. In view of the fact that the trust in the system of verification was seriously undermined in the last few years, it will be necessary to make an intense effort to disseminate information and knowledge, so that confidence in the possibilities of the reliable verification of future arms limitation agreements can be restored in the United States.

This book by A. Krass will make an important contribution to public knowledge of the complex process of verifying the observance of arms limitation and reduction agreements.

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RESPONSE TO READER ON U.S. VIEW OF SDI

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 11, Nov 86
(signed to press 22 Oct 86) pp 121-127

[Response by I. P. Lebedev to letter from reader: "The Purpose of the SDI Is Aggression"; passages rendered in all capital letters printed in boldface in source]

[Text] There is so much in the press now about President Reagan's "Strategic Defense Initiative" (SDI) or about the "Star Wars" program. I would like to know more about what the system's supporters think of it.

Respectfully, L. Ya. Skiyarevskiy, physician, Moscow

In spite of the experience in arms development in previous decades, influential groups in the United States still want to achieve decisive military advantages over the USSR and are still developing new means of warfare. On 23 March 1983 Ronald Reagan announced his notorious "Strategic Defense Initiative" (SDI), which the Americans themselves christened the "Star Wars" program. According to the White House, the goal is an antimissile shield covering all U.S. territory.

General Description of the System

The basic plan of the SDI's authors consists in the creation of a large-scale multilayered antimissile system with the use of lasers, particle beam weapons and other weapons operating on new physical principles for the destruction of ICBM's and SLBM's along their entire trajectory.

The flight of today's ICBM can conditionally be divided into four phases (Diagram 1);

The boost phase of the trajectory, during which the ICBM reaches an altitude of up to 500 km with the aid of multistage boosters.

The post-boost phase, the release of MIRV warheads and numerous decoys (false warheads, empty balloons, reflective film, infrared-emitting aerosols, etc.). The means of circumventing BMD confuse the image on the screens of optical and microwave devices. The decoys and balloons are indistinguishable from the real warheads;

The midcourse phase, during which the swarm of warheads and decoys fly along identical ballistic trajectories. The warheads can only be detected after they enter the dense layers of the atmosphere, because the balloons, chaff and other light decoys are burned up by air friction in the atmosphere;

The reentry phase, when the warheads reenter the atmosphere and detonate.

One U.S. version of the SDI system is illustrated in Diagram 2. It presupposes the construction of a BMD system consisting of three or more layers deployed in space and on earth. The weapons in space will either be put in a low-earth orbit prior to the beginning of the conflict and remain there permanently or will be "fired" into these orbits at the start of a conflict (the "pop-up system").

American experts regard the first layer of the BMD system as the main layer of defense because it is intended to destroy the majority of attacking ICBM's soon after their launching (up to 90 percent within the first 3 to 5 post-launch minutes)--that is, during the boost phase, while all warheads are inside the missiles and can be destroyed with a single strike.

The FIRST LAYER should include directed-energy weapons: high-power lasers, particle beam weapons (based on elementary particle accelerators and sometimes called corpuscular) and X-ray lasers pumped by nuclear explosions. All of these weapons are to be mounted on battle stations (or platforms) in space. These stations are to be equipped with optical and other focusing systems and devices to aim the laser or particle beams at the target, and are to be placed in orbit over the territory of the USSR. Besides this, the optical system of excimer lasers on the ground is to be put in a low-earth orbit. There is also the possibility that the first layer will include rail guns and miniature homing devices for the interception of ICBM's in the boost phase, and these will also be mounted on space battle stations in low-earth polar orbits over the territory of the USSR.

The SECOND LAYER (at altitudes of 500-1,200 km) is intended for the destruction of warheads not intercepted by the first layer of defense, with the aid of kinetic-energy weapons--rail guns or small rockets with thermal and infrared homing vehicles. American scientists, however, have noted that even the supercomputer which should take at least 10 more years to develop will probable be incapable of aiming all of these means of warfare at the swarm of warheads (real and false), balloons and other decoys, which could exceed the number of warheads with nuclear charges by a factor of 10^2 .

The THIRD LAYER of means of interception is intended for the destruction of warheads by rocket interceptors at high (500-1,200 km), middle (100-800 km) and low (9-14 km) altitudes--that is, with the aid of so-called land-based long- and short-range interceptors.

According to American scientists, the second and third layers of the SDI combined could intercept around 9 percent of the ballistic targets. Even the supporters of the SDI assume that the effectiveness of the entire system in intercepting ICBM's and nuclear warheads will not exceed 90 percent.

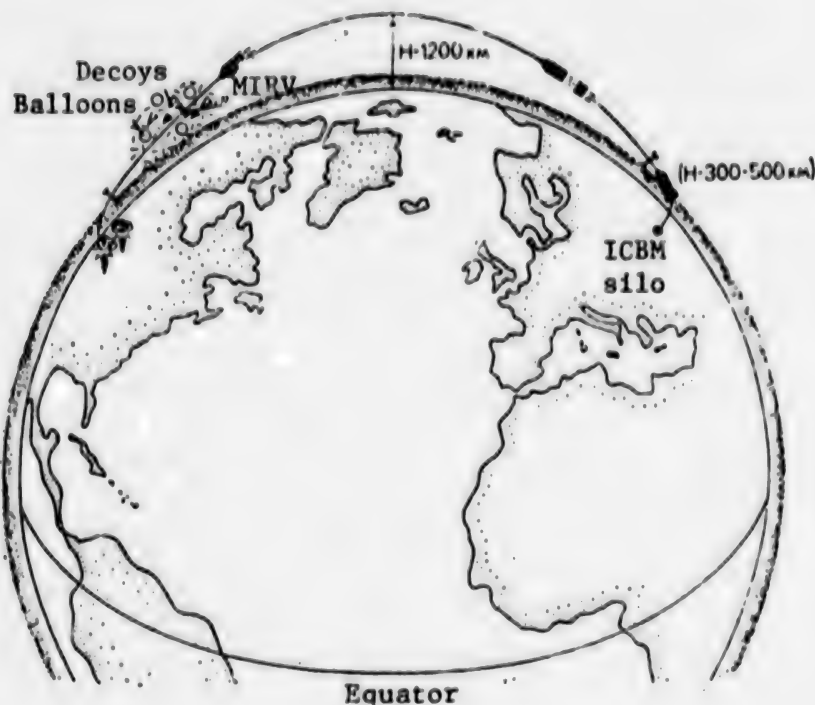


Diagram 1. Flight of modern ICBM

Source: SCIENTIFIC AMERICAN, 1984, vol 251, No 46, p 39.

Battle Elements of the SDI

On 26 June 1986 the U.S. Department of Defense submitted its annual report on the SDI to the Congress. Most of the report dealt with the scientific and technical aspects of the SDI and assessed the results of experiments in the development of various types of weapons and tracking systems, which should become the main element of the strike system of the space-based BMD.

Diagram 2 shows that the SDI includes DIRECTED-ENERGY WEAPONS, based on powerful sources of electromagnetic waves and high energy particles (lasers emitting X-rays, lasers emitting light in the ultraviolet, visible and infrared portions of the spectrum; high energy particle accelerators), requiring large power plants. As the report says, "in the field of directed energy, the work with free electron lasers has advanced to the stage at which the potential creation of a large and effective land-based laser system seems completely feasible."

As for kinetic-energy weapons (the group of rocket interceptors which are fired at enemy targets in space and destroy them by inflicting mechanical damage on them), according to the latest data cited in the report, the high-power rail gun can be developed "sooner than expected." This would make it

possible to use heavier projectiles and/or increase initial flight speed. Missiles powered by chemical fuel are also being considered in the development of kinetic-energy space weapons for boost-phase interception. Their development, as the report to the Congress says, "is technological feasible at a relatively low cost in the near future." The possibility of intercepting missiles during the propulsion phase with a homing vehicle is called the most significant achievement in kinetic-energy weapons in the last 2 years.

The report contains information about SDI appropriations. For example, the SDI Organization requested 2.759 billion dollars from the Congress for fiscal year 1986, 4.812 billion for FY 1987 and 5.511 billion for FY 1988. Judging by a table in the report, most of the funds will be used for directed-energy weapon projects (1.615 billion dollars in FY 1987), identification and tracking systems (1.262 billion) and kinetic-energy weapons (991 million dollars).

Let us examine the separate battle elements of the SDI in detail.

THE CHEMICAL LASER (Diagram 3), used to emit a hydrogen fluoride beam is known as the brightest of all lasers generating an infrared beam. The laser module will consist of 50 laser cells. The light of all 50 cells will be focused by a system of mirrors into a single beam, with 10 m squares in a cross-section. According to calculations, the beam will emit enough heat to destroy an ICBM within 7 seconds from a distance of 3,000 km.

The first experimental hydrogen fluoride laser is expected to weigh around 70 tons, and it will take at least seven space shuttle flights to put the experimental station in orbit. It will take approximately 45 tons of fuel to operate the laser for 15 minutes. The U.S. Department of Defense plans to demonstrate a 2-megawatt laser in action in 1987 and then to increase the power to the 25 megawatts needed for the destruction of an ICBM.

According to the calculations of experts, it will take at least 300 such chemical lasers in low orbits to destroy 1,400 ICBM's during the boost phase. This will also require a better system of sensors.

A design for a battle station with a chemical laser, requiring the assembly of separate circulation sections, is also being considered. This station will have thrusters on one side and an optical system to generate and aim the beam on the other.

It is significant that it will not be difficult to destroy these cumbersome installations in space from earth, because their trajectories and locations will be known in advance. The launching of these stations with a "pop-up" system at the start of a conflict would be virtually impossible. Besides this, it would be fairly simple to reinforce the skin of the ICBM to withstand the effects of a laser beam of 10-20 kilojoules per square centimeter so that it would not be destroyed by this type of weapon.

Most American experts, even those supporting the SDI, do not regard chemical lasers as a promising space weapon.

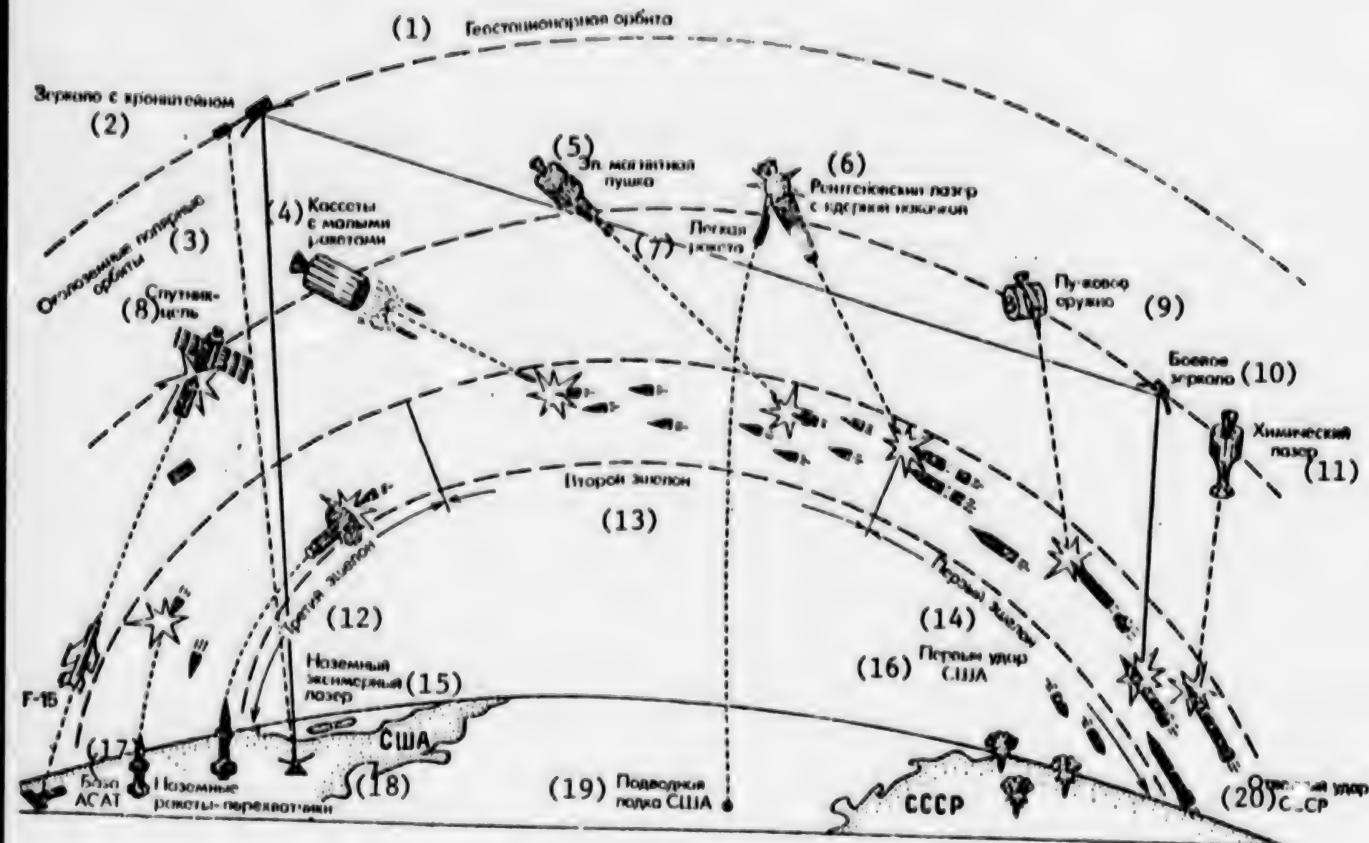


Diagram 2. U.S. Version of SDI

Key:

- | | |
|--|------------------------------------|
| 1. Geostationary orbit | 11. Chemical laser |
| 2. Relay mirror | 12. Third layer |
| 3. Low-earth polar orbits | 13. Second layer |
| 4. Pod with small rockets | 14. First layer |
| 5. Rail gun | 15. Ground-based excimer laser |
| 6. X-ray laser pumped by nuclear explosion | 16. U.S. first strike |
| 7. Light missile | 17. ASAT base |
| 8. Target satellite | 18. Land-based rocket interceptors |
| 9. Particle beam weapon | 19. U.S. submarine |
| 10. Battle mirror | 20. USSR retaliatory strike |

The X-RAY LASER powered by a nuclear explosion is now the only "light" weapon which can be "shot" into space at the start of a conflict. Its permanent deployment in low-earth orbits is also being considered. In this event, a light SLBM could set off the nuclear explosion on battle stations in space (Diagram 2). This solid state X-ray laser consists of metallic fibers (up to 2 meters long) surrounding the nuclear device and a tracking telescope which must be aimed precisely at the ICBM or warhead before detonation.

The thermal X-rays generated by the nuclear explosion will cause the emission of a burst of atomic particles by the metallic fibers within a few microseconds.

The beam of this laser is difficult to focus. Therefore, it is assumed that the X-ray beam will produce a spot of around 200 meters in diameter at a distance of 4,000 km, "rupturing" (or vaporizing) the skin of a booster in approximately a microsecond. Besides this, the booster itself can be damaged internally by the pressure wave. According to Western experts, this device could be powered by around a thousand electron volts.

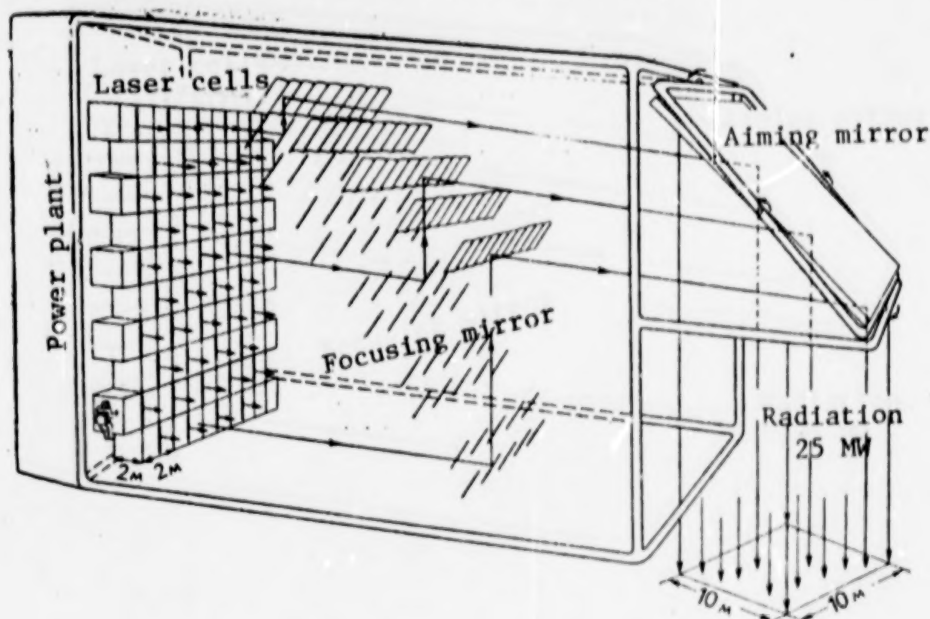


Diagram 3. Chemical Orbiting Weapon

One of the drawbacks of this kill vehicle is that it can only be used once, because it is destroyed by the nuclear explosion. Besides this, effective countermeasures can be taken, according to foreign experts, to protect missiles from the soft X-rays and the pressure wave (a crushable buffer under the skin, protecting the skin and the interior of the booster, the counteraction of the recoil with an inertial guidance system in missiles and warheads, etc.).

The incomplete work on the laser pumped by a nuclear explosion and the difficulties arising during its development, judging by official statements, are among the reasons for the U.S. refusal to stop nuclear tests.

GROUND-BASED EXCIMER LASER. This system includes the ground-based mirror and mirrors in geostationary (altitude of 36,000 km) and polar (1,000 km) orbits. An adjusting device with a small pulse laser will also be in the geostationary orbit.

The ground-based mirror will send the laser beam to the geostationary mirror, which, in turn, will reflect the beam to the battle mirror in a low polar orbit. The battle mirror will aim the beam at launched ICBM's. The change in atmospheric density will be compensated for by the adjustment device prior to the emission of the beam.

The powerful ground-based excimer laser will be pumped by a mixture of gases, such as xenon and chloride, which will interact and emit strong ultraviolet rays, focused by special devices into a kill beam.

American scientists believe that this weapon, with an ideally focused beam and an ideal optical system, could bombard a missile with 200 megajoules of energy per square meter during the boost phase, enough to destroy a missile within 7 seconds from a distance of 3,000 km by vaporizing the skin to a depth of 3 mm.

A ground-based laser was recently tested, in an obvious bid for publicity, in the presence of numerous influential people and representatives of the military-industrial complex at the White Sands testing-ground (New Mexico). Its beam destroyed an American Titan-2 missile standing upright on the ground and camouflaged as a Soviet ICBM. General Abrahamson, the head of the SDI program, exclaimed: "The laser literally tore the thing apart."

According to American experts, the boost-phase interception of 1,400 missiles would require more than 280,000 megajoules of energy (not counting losses in the atmosphere and the clouds, which would require some energy redundancy). Given the excimer laser's electrical power efficiency of only about 6 percent, the interception of this number of missiles in 100 seconds would require the output of more than 300 power plants of 1,000 MW each, or 60 percent of the total output of all existing power plants in the United States. Furthermore, this energy could not be extracted from the commercial power supply instantaneously, and the technology for the storage of this much instantly available power does not exist. The construction of special power plants for this kind of system would cost a hundred billion dollars. American scientists have estimated that the system will require the installation of more than 400 battle mirrors in low orbits and around 70 mirrors in geostationary orbits.

Incidentally, it would not take much to put this optical system out of commission: Space mines detonated near these objects on the same orbit would put all of the mirrors out of commission.

THE PARTICLE (BEAM) WEAPON, planned for the low polar orbits, will either have to be mounted on battle stations in advance or be "fired" into space at the start of a conflict. The high-powered charged-particle beam, proton or electron, of this weapon is expected to penetrate a missile and put semiconductor elements (ICBM guidance systems) out of commission. Physicists at the Los Alamos and Livermore laboratories, the heirs of the creators of the first atom bombs, are working on an accelerator weapon.

Many foreign scientists believe that the use of charged particle beams against ICBM's would entail insurmountable difficulties because they would be bent off course by the earth's magnetic field. The use of neutral atoms, such as hydrogen, would still entail the same difficulties, because the hydrogen atoms would be deflected by the earth's magnetic field as soon as they came into contact with air molecules. Besides this, the replacement of the silica now used in semiconductor elements with gallium arsenite would make these elements a thousand times more resistant to the particle beam weapon.

RAIL GUNS are kinetic-energy weapons and, according to the plans of the SDI's authors, should accelerate heavy projectiles to a speed of at least 40 km/sec. Scientists in the United States believe, however, that many complex technical

problems will have to be solved before these guns can be used as weapons. At the present time, they can only accelerate light projectiles to a speed of 4.2 km/sec.

PODS WITH SMALL HOMING ROCKETS are to be used against ICBM's and warheads. On 10 June 1984 a nonexplosive homing ballistic projectile with infrared sensors destroyed a dummy warhead carried to an altitude of 170 km by a Minuteman missile from Kwajalein Atoll in the Pacific. This program is called "homing overlay" and it uses the same targeting as the ASAT system. The use of a homing rocket in space, as specialists have pointed out, will be much more difficult, however, because their flight speed is slow in comparison to the flight speed of the ICBM, and these weapons would have to be launched into orbit in huge quantities.

SDI--The Real Threat to Peace

Therefore, even a brief survey of the elements of the SDI program indicates that almost each one, if developed,* could be used for a first strike, including a strike at targets on earth. This is not even being concealed by the inventors of the space weapons. Back in 1984, Director R. Cooper of the Defense Advanced Research Projects Agency addressed the House Committee on the Armed Services and said: "This is the first time strategic doctrine has officially acknowledged the need to control outer space as a potential arena of combat."

We will say in conclusion that a reasonable alternative to the SDI program is the set of proposals submitted to the United Nations by the Soviet Union regarding the basic guidelines and principles of broad international cooperation in the study and use of space for peaceful purposes, set forth in the document "On International Cooperation in the Peaceful Exploration of Outer Space Under the Conditions of Its Nonmilitarization." In this way, the Soviet Union countered the idea of "star wars" with the idea of "star peace." The possibility of cooperation by countries in the peaceful use of space was graphically demonstrated in 1986 by the studies of Halley's Comet. Eight countries (Austria, Bulgaria, Hungary, the GDR, Poland, France, the FRG and the CSSR) took part in an international project in connection with the Soviet Union's "Vega" program. Japan's Sokigata and Suisei space vehicles were also sent to Halley's Comet, and the European Space Agency sent its Giotto vehicle.

Discussing the lessons of the meeting in Reykjavik, M. S. Gorbachev said that "the notorious SDI is now an even more obvious symbol of the obstruction of the cause of peace, a paradigm of the militarist plans and the reluctance to remove the nuclear threat looming over mankind."

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- END -

* As experts have repeatedly pointed out, many technological, financial and scientific difficulties stand in the way of the technical completion of the program. For an assessment of the status of the SDI, see, for example, SSHA: EPI, 1986, No 10, pp 66-69.

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